



## EUROPEAN NEWS

## Greek farmers must wait for EEC price parity

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Oct. 26.

THE EUROPEAN Commission has proposed that most Greek agricultural products should be aligned fully with EEC price levels until five years after formal entry into the Community and has recommended a seven-year transition period for several more sensitive products.

This decision, disclosed today by Sig. Lorenzo Natali, the Commissioner in charge of enlargement questions, is bound to disappoint the Greek Government. Under pressure from its domestic farm lobby, it had sought the application of full EEC prices to most agricultural sectors from the moment of accession.

Nonetheless, it represents a concession by the Commission which had originally envisaged a seven-year transition period for the entire agricultural sector—a scheme particularly favoured by the two French commissioners as well as by the French Government.

The softening of the proposal, which must still be approved by the EEC Council of Ministers before it is officially put to the Greeks, is understood to be due largely to the intervention of Mr. Finn-Ulav Gundelach, the Agriculture Commissioner, at the insistence of the Athens Government.

The proposed five-year transition period, which would apply to about two-thirds of all Greek agricultural production, is the same as granted to Britain, Denmark and Ireland when they entered the EEC. A seven-year transition is recommended for olive oil, fats, meat and dairy products.

In the case of olive oil, for which the Greek price is currently about 14 per cent below the EEC level, a lengthy adjustment period is considered necessary in order to prevent a substantial rise in production in Greece and resultant surpluses.

But for other items in the seven-year category, the intention appears to be clearly to limit the impact of enlargement on producers of products already in surplus in the existing nine-member Community.

Somewhat surprisingly, the Commission has not recommended more than a five-year transition period for fruit and vegetables, for which prices in many cases only half of EEC levels. Instead, it has merely suggested that the Greek Government take appropriate measures to ensure that access to higher prices at the end of the first

five years of membership do not result in massive over-production.

It is envisaged that Greek agricultural prices will remain roughly at their present levels when it enters the Community and will be progressively aligned with EEC prices according to formulae yet to be agreed. In a few cases, such as barley, grapes and pears, where Greek prices are very close to EEC prices, an immediate adjustment may be permitted.

In addition, the Commission has proposed a provision for shortening the transition periods by a unanimous vote of the Council of Ministers once Greece becomes a member.

Sig. Natali admitted today that the Commission's negotiations with the Athens Government, begun in July, 1976, were now entering a delicate phase. Tough bargaining was likely over the farm price proposals and over free movement of labour and capital, institutional questions and the EEC budget.

He claimed to be confident that the calendar sketched out by the Commission would be observed, with the negotiations concluding by next summer and Greece entering the EEC at the start of 1981.

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## Germany's CDU looks for friends

BY ADRIAN DICKS

BONN, Oct. 26.

HALFWAY BETWEEN the 1976 and 1980 Bundestag elections, the West German Christian Democratic Opposition is taking something of a pause for thought. Earlier this month, it was defeated in its bid to capture the key state of Hesse from the Social Democratic Free Democratic (SPD-FDP) coalition—a victory that would not only have changed the government in Wiesbaden but would also have given the Christian Democrats a two-thirds majority of the Bundestag, or Federal upper house.

This development could have made life for Chancellor Helmut Schmidt's SPD-FDP coalition in Bonn extremely difficult, and not much later he forced the FDP to change partners, thus opening the way to a new coalition led by the CDU.

Herr Helmut Kohl, the CDU leader, have given the impression during much of the past two years that a change of partners by the FDP offered the Christian Democrats their most realistic chance of gaining power. Much of his strategy has accordingly been devoted to wooing the smaller coalition partner and its supporters and toward persuading them that the CDU would serve their ends better than the Social Democrats.

Yet the FDP did not want to play along, especially after its losses in the Hamburg and Lower Saxony elections last spring, which were widely attributed to its running with the SPD in the former and with the CDU in the latter state government.

As a result, the Christian Democrats, who failed to capture Hesse almost as narrowly as they failed to win an absolute

majority in the Bundestag two years ago, have been left to think up a new approach.

The party's first instinct was in October 1976, to dump Herr Kohl. Yet even before the conference opened, it was clear that he would have to stay for want of anyone else acceptable to all factions. With the leadership questions carefully kept off the agenda, the conference listened to speeches from Herr Kohl calling loudly for loyalty. He has been rewarded so far.

As a first step, the conference approved a new basic programme that was equally unobjectionable. The likelihood is that its more conservative nuances will, however, be played up increasingly in the three state elections in 1979 in North Rhine-Westphalia, Rheinland-Pfalz and West Berlin.

A more frankly conservative platform might, in addition, help the CDU to protect itself better in the event that Herr Strauss, head of the Bavarian Christian Social Union, should ever carry out his longstanding threat to transform his party into a national fourth political grouping—whose appeal would be principally to voters now well to the right of the mainstream of the CDU. Shortly before the mid-October state polls in Bavaria, where the CSU won its customary 60 per cent of the vote, rumours of a fourth party had become so persistent that Herr Kohl, swinging on to the offensive, challenged his ally to go ahead.

Herr Strauss has for the time being demurred. Yet many political observers remain convinced that his plans could be revived at short notice.

The talks are expected to give Mr. Kohl a new idea as to which of the Ministers of the present Cabinet would be prepared to continue in office under him.

Both President Antonio Ramalho Eanes and an influential sector of the banking and business community here are believed to favour the retention of some technocrats, including Mr. Nobre da Costa himself. Nevertheless, the majority of Ministerial posts are expected to go eventually to members of political parties. All four major parties, including the Communist Party, have indicated their willingness to allow their members to participate in an individual capacity in Mr. Mota Pinto's Administration.

Leaders of the construction unions announced this morning that workers in the sector would go on a two-day national strike, as from November 8, unless the Government agreed to publish the terms of a new collective wage contract.

Meanwhile, Mr. Carlos Mota Pinto, Portugal's newly-appointed Prime Minister, today met his predecessor, Mr. Alfredo Nobre de Carvalho, who has indicated that outgoing Government in what is believed to be the first step towards the formation of a new Administration.

UNESCO director-general Amadou Mahtar Mbow today appealed to the member governments of the international organisation to approve a controversial declaration on the mass media's role in fighting war propaganda and racism.

The draft declaration, which is due to be debated by UNESCO's general conference in mid-November, has been hotly contested by the Western member governments, who look upon it as a threat to Press freedom and objectivity. But M. Mbow told the conference today that it was inconceivable that the Press, radio and television should remain aloof from the struggle to foster a new spirit in human relations in the interests of peace and racial harmony.

The draft which has been submitted to the conference is a revised version of the original Communist-backed text which was shelved after a stormy debate at the last general conference in Nairobi two years ago. It contains some important modifications, notably the removal of a reference to the responsibility of the state for the activities of the mass media.

But it is still considered by Western governments to constitute unacceptable interference with the freedom of the Press.

The London-based International Press Institute, which has pointed out in a note to UNESCO that even the new draft "leans so heavily towards the concept of a controlled Press that it imposes the standards of propaganda on what should be an editorial function."

One of the main problems is clearly to decide what standards should be used to define war propaganda and racism.

The IPI has proposed a number of amendments which would remove from the declaration any quasi-diplomatic role for the media. The Institute has basic tenets.

YUGOSLAVIA's official foreign currency receipts from tourism are expected to top \$1bn this year for the first time with a further \$300m-\$400m accruing to private Yugoslav citizens for accommodation and other services. Last year official receipts from tourism were \$880m but a 15 per cent rise in foreign tourists to 6.5m and a 20 per cent rise in nights spent in Yugoslavia to 34.5m boosted receipts this year.

There was a 42 per cent rise in tourists from the UK over the first eight months although the bulk of tourists came from West Germany.

Tourist officials are now forecasting official receipts of \$2bn from tourism by 1981 although this will require massive investment in new hotels, motels, bungalows, camp sites and linked services.

New tourist legislation containing 37 articles came into force on October 1 which includes tough new rules to prevent over-booking and compensation in the event of inadequate facilities.

The Sakhalin project was based on an agreement by which the Japanese supplied funds, capital and drilling materials for oil exploration, which was financed with a \$100m credit. If rich deposits were discovered, 50 per cent of the oil would go to Japan, with extraction costs split evenly between the two countries.

The Japanese gained the participation of Gulf Oil in the scheme but the Soviets envisage an investment of up to \$2bn to extract oil and build pipelines beginning in the mid-1980s if sizeable oil deposits are discovered.

At the last meeting of the Soviet-Japanese Joint Commission the Soviets made no new suggestions for projects, but mentioned possible co-operation in improving the Vostochny Port, development of cellulose processing complexes at Amursk and Khabarovsk and reconstruction of the former Japanese cellulose plant on Sakhalin Island.

In the light of the background to the Soviet-Japanese attempt to work together in developing Siberia, an appropriate agenda item might have been a solution to the territorial question, an inclusion which would have been out of order but logical.

The absence of a Soviet-Japanese peace treaty, caused by the failure to resolve that long-standing dispute, has been a large-scale Soviet-Japanese co-operation in Siberian development, despite its obvious advantages, problematical for many years.

The atmosphere around the South Yakutia project improved markedly with the confirmation of almost 1,000bn cubic metres of natural gas reserves and the advantages of the project may bring three-sided agreement between the Soviet Union, the U.S. and Japan.

The most problem of arranging three-way co-operation may be faced again if the Sakhalin oil

## Drivers end Corsica blockade

By Our Own Correspondent

PARIS, Oct. 26.

PARTIAL RELIEF came today for Corsica, isolated by the French seamen's strike, when a port blockade by local lorry drivers was called off.

The blockade had been mounted in protest against the strike. The strike, meanwhile, showed no sign of easing off, although the Communist-led CGT union has pledged to maintain minimum services to the island, where stocks of food in the shops have been running low.

The strike was called last weekend in protest against one company's decision to hire Asian sailors.

The CGT, which represents most of France's merchant seamen, said the strike has been followed on 47 out of 72 ships in French ports.

Two operators and pilots also joined the strike and in Marseille, and the adjacent port of Fos, 50 French and foreign vessels are held up.

Reuter reports from Rome: The French President, M. Valéry Giscard d'Estaing said today that he thought a detailed agreement in principle on the projected European Monetary System (EMS) could be reached by the end of the year. The French leader was speaking at a news conference before he left for home at the end of a two-day visit to Rome.

He had talks with the Prime Minister, Sig. Giulio Andreotti and also met Pope John Paul II.

Asked if he thought there could be an agreement on the EMS by next January 1, he replied: "I think there could be a detailed agreement in principle. The details of the arrangement could be worked out by the central banks, he added."

Soviet Foreign Minister Andrei Gromyko today prepared to begin a second round of talks with French Foreign Minister Louis de Guiringaud aimed at restoring traditional good relations between France and the Soviet Union.

After the ministers' first two-hour meeting last night, both sides played down differences between the two countries over France's growing ties with China.

The Ministry sees signs of a possible improvement of the economy in the latest business survey of the National Bank, which showed that corporate leaders view their order position as slightly improved and are more optimistic about demand for the rest of the year.

However, as major structural problems remain unsolved, the anticipated upturn would remain very limited, the AP-DJ reports from Madrid. The index is based on 1978 equals 100.

Officials attributed the increase from July to a rise in beverage, food and tobacco prices.

Meanwhile, it was announced that Spain's Wholesale Price Index registered \$21.7 in July, up 0.21 per cent from June and 13.39 per cent from a year earlier.

Spain's Consumer Price Index registered 133.2 in August, up 1.7 per cent from July and up 17.47 per cent from a year earlier, according to the National Institute of Statistics.

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## Portuguese metal workers strike

BY OUR OWN CORRESPONDENT

LISBON, Oct. 26.

OVER 200,000 members of Portugal's Communist-dominated Federation of Metal Workers' began a half-day strike at lunchtime today. The strike, first threatened over a week ago, follows continuing deadlock in three-months of negotiation between employers and unions on the terms of a new collective wage contract.

The metal workers are demanding a 20 per cent wage increase, which is the maximum allowed within the present government-imposed ceiling.

While employers are offering only 11 per cent. They claim that labour and production costs are already too high.

The metal workers' strike affecting a key sector of the Portuguese economy (metal-urgical products account for some 15 per cent of total national production) is the latest in a series of stoppages and partial strikes threatening to bring industrial relations here to their lowest ebb for over a year.

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Meanwhile, Mr. Carlos Mota Pinto, Portugal's newly-appointed Prime Minister, today met his predecessor, Mr. Alfredo Nobre de Carvalho, who has indicated that outgoing Government in what is believed to be the first step towards the formation of a new Administration.

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The draft which has been submitted to the conference is a revised version of the original Communist-backed text which was shelved after a stormy debate at the last general conference in Nairobi two years ago. It contains some important modifications, notably the removal of a reference to the responsibility of the state for the activities of the mass media.

But it is still considered by Western governments to constitute unacceptable interference with the freedom of the Press.

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New tourist legislation containing 37 articles came into force on October 1 which includes tough new rules to prevent over-booking and compensation in the event of inadequate facilities.

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At the last meeting of the Soviet-Japanese Joint Commission the Soviets made no new suggestions for projects, but mentioned possible co-operation in improving the Vostochny Port, development of cellulose processing complexes at Amursk and Khabarovsk and reconstruction of the former Japanese cellulose plant on Sakhalin Island.

In the light of the background to the Soviet-Japanese attempt to work together in developing Siberia, an appropriate agenda item might have been a solution to the territorial question, an inclusion which would have been out of order but logical.

The absence of a Soviet-Japanese peace treaty, caused by the failure to resolve that long-standing dispute, has been a large-scale Soviet-Japanese co-operation in Siberian development, despite its obvious advantages, problematical for many years.

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## Labour struggles bring Marseilles to halt

By David White, recently in Marseilles

WE'VE BEEN fighting for 30 years. Everything we've got was had to fight for it—in a small union office across the road from the port of Marseilles, which these days is as lifeless as a still photograph. Jean Marie Unali, rummages through a stack of legal records looking for cases taken against the owners of the big ship repair yards. He is puzzled, ruminating with a metal rod in his mouth. It can be never recovered 27 years on the shipyards, 10 years a union organiser.

The Communists this repair union, a branch of the CGT, able to claim 70 per cent membership, is the hard core of the labour struggles now paralysing Marseilles. The shipyard workers' union, the second in the town, is the CGT's main rival.

Both President Antonio Ramalho Eanes and an influential sector of the banking and business community here are believed to favour the retention of some technocrats, including Mr. Nobre da Costa himself. Nevertheless, the majority of Ministerial posts are expected to go eventually to members of political parties. All four major parties, including the Communist Party, have indicated their willingness to allow their members to participate in an individual capacity in Mr. Mota Pinto's Administration.

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AMERICAN NEWS

# Bethlehem plea to Carter on steel industry problems

BY STEWART FLEMING

NEW YORK, Oct. 26.

A PLEA that President Carter recognise the special problems of the U.S. steel industry in enforcing the new price controls proposed in the anti-inflation programme came today from Mr. Foy, president of Bethlehem Steel, the nation's second largest steel producer. In a telegram to the President, Mr. Foy, who is also the head of the industry's principal trade association, pointedly refrained from committing his company to follow the strictly interpreted guidelines.

Such moves, he said, would only compound our inflation-related problems not alleviate them. Although the steel industry has been reporting a sharp recovery in profits through the second and third quarter of this year, partly on the back of price increases over the past 12 months of 15-20 per cent, share analysts, such as Mr. Charles Bradford of Merrill Lynch, have suggested that the industry's profits could come under pressure next year if it is forced to follow strictly the new guidelines.

This is because its average price increases in 1978 and 1977, the base for the Administration's policy, were around eight per cent, thus its 1979 price increases should not rise above 71 per cent under the policy. Costs, however, could rise ten per cent and it is possible that sales volumes might not be as strong next year as they have been in 1978.

## Conservative Republicans face challenge in the South

BY DAVID BUCHAN RECENTLY IN THE CAROLINAS

THE CAROLINAS are a key target for the Democrats this year. Two conservative Republican senators the majority party would dearly like to see defeated next month are Senator Strom Thurmond of South Carolina and Senator Jesse Helms of North Carolina. President Jimmy Carter has taken previous time off to make two campaign trips for Mr. Helms's opponent, and it was Mr. Walter Mondale, the Vice-President, who persuaded Mr. Charles Ravenel, the Democratic Senate candidate in South Carolina, to try to torpedo the veteran Mr. Thurmond's bid for a fifth six-year Senate term.

The Southern "old guard" in the Senate is fast disappearing. Senator James Eastland of Mississippi retired this year, and Senator John McClellan of Arkansas and Senator James Allan of Alabama have died within the past year. The 75-year-old Strom Thurmond is of their generation and the, though in a sense more remarkable than all of them.

Mr. Ravenel could have had the Governorship of South Carolina—considered a virtual walk-over for the Democratic nominee—had he not been asked to run for the Senate.

Only slightly less important than tobacco in North Carolina is textiles, employing nearly 350,000 in the state—while in South Carolina the textile, synthetic fibre and apparel sectors account for 52 per cent of workers in manufacturing. Both states complain of rapidly rising textile imports, apparently up 40 per cent in the first seven months of this year. Their Congressmen, led by Senator Ernest Hollings of South Carolina, have succeeded in getting Congress to pass an amendment preventing the Administration from negotiating any textile tariff cuts in the current GATT trade talks in Geneva.



Republican Senator Strom Thurmond

## Interest rates continue to rise

BY JOHN WYLES

NEW YORK, Oct. 26.

WITH INTEREST rates continuing to rise in disappointment President Jimmy Carter's anti-inflation package, the U.S. credit markets are steeling themselves for record yields at Treasury weekly refinancing auctions later next week.

Although the size of the Treasury's borrowing requirement for the October-December period, \$1.1 billion, is unlikely to put undue additional pressure on interest rates, it is equally unlikely to provide much relief from the rising trend of the last 30 months.

Strong credit demand coupled with the Federal Reserve Board's repeated boosting of short-term interest rates has established its momentum, which brought a recast yesterday from Mr. Henry Kaufman of Salomon Brothers that U.S. interest rates would increase dramatically next year.

Henry Kaufman of Salomon Brothers that U.S. interest rates would increase dramatically next year. Next week the Treasury will sell about \$8.75bn in securities to redeem \$4.6bn in outstanding issues, and to raise \$2.15bn in new issues. On Tuesday there will be an auction of \$2.5bn of three-and-a-half year notes maturing on May 5, 1982. On Wednesday \$2.5bn will be auctioned of 10-year notes maturing November 15, 1983, and on Thursday a 30-year bond sale totalling \$1.75bn maturing November 15, 2008.

The auctions are expected to conform to the current inverted yield curve on Treasury securities, which means that the shorter term obligations will yield more than the longer up a lot of dollars in a bid to defend the ailing U.S. currency.

## Canadian mail strike ends

BY DAVID MACKIE

OTTAWA, Oct. 26.

CANADIAN postal clerks and sorters returned to their jobs today, ending a nine-day illegal strike.

The Federal Government had warned the 23,000 striking members of the Canadian Union of Postal Workers (CUPW) they would be fired if they did not return to work today.

The order to return and to dismantle the picket lines was issued late on Wednesday by Mr. Claude Parrot, the CUPW president, shortly after police raided union headquarters here and regional offices across the country, confiscating documents.

## Yamani in Venezuela for oil price talks

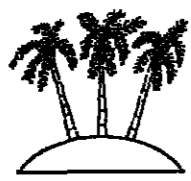
CARACAS, Oct. 26.

THE Saudi Oil Minister, Sheikh Ahmed Zaki Yamani, has arrived in Venezuela to meet President Carlos Andres Perez, and to hold talks with the Venezuelan

Energy Minister, Sr. Valentin Hernandez, and other senior government officials.

Sheikh Yamani arrived yesterday for a two-day visit and is staying at the presidential guest-house, according to newspaper reports.

### A FINANCIAL TIMES SURVEY



## REPUBLIC SEYCHELLES

NOVEMBER 11 1978

The Financial Times proposes to publish a Survey on Republic Seychelles on Saturday, November 11 1978.

The articles will discuss the island's general economic situation, and the future of the main industries.

Tourism forms a major part of the economy and this subject will have special attention both from the view point of the tourist and the potential investor.

For further information on the editorial content and the advertising rates please contact:

Nicholas Whitehead  
Financial Times, Bracken House  
10 Cannon Street, London EC4A 3DF  
(Tel: 01-248 8000 Ext. 7112)

FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

The newspaper El Universal quoted a high ranking government official as saying that Venezuela was pushing for a price increase of 10 per cent. According to news reports of past weeks, Saudi Arabia wants to hold the increase to 5 per cent.

The newspaper report gave no other details. The 10 per cent figure has already been mentioned by Venezuelan sources.

Mr. Ali Jaidah, the OPEC secretary-general, is currently on a tour of Gulf states to discuss oil prices.

Agencies

### U.S. COMPANY NEWS

Currency losses hit Texaco earnings; Progress at Standard Bank; Agache Willot buys stake in Korvettes—Page 23



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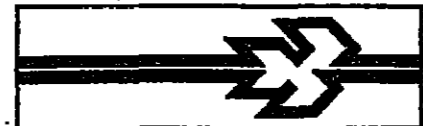
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## OVERSEAS NEWS

## Israel plans immediate expansion of settlements in West Bank

BY DAVID LENNON

TEL AVIV, Oct. 26.

ISRAELI PLANS to start work immediately on moving the West Bank and Gaza Strip settlements on the occupied West Bank and Gaza Strip, it was revealed today.

The Government decided yesterday to allocate 12,000 (about 12,000) for the expansion of existing settlements as a demonstration of Israel's intention to retain control of at least part of these occupied territories, despite its position on the current peace negotiations.

Mr. Moshe Dayan, the Foreign Minister, said this morning before his departure for the Washington peace talks with Egypt that it was Israel's right to expand the settlements even if this made the peace negotiations more difficult.

He also said that the amendments sought by the two countries in the draft peace treaty would necessitate a complete re-examination of the linkage be-

between the Egypt-Israel pact and the negotiations on the future of the West Bank and Gaza Strip. Israel wants the link loosened, while Egypt wants it tightened.

It emerged today that the decision to expand the settlements, despite the negative effect this is likely to have on the peace process, was a key element in convincing some ministers to approve the draft peace treaty with Egypt at yesterday's Cabinet session.

Mr. Shimon Peres, leader of the opposition Labour Party, today welcomed the Government's decision. He said that while sceptical about Government pronouncements, he believed that Israel should expand the settlements.

David Ben-Gurion, the Prime Minister, said last month that the construction of new settlements in the occupied territories while the peace negotiations are in progress. There

## Local police chief shot in Iran

By Andrew Whitley

TEHRAN, Oct. 26. IN AN ominous new twist to the continuing violence in Iran, the police chief in the southern town of Jahrom has been assassinated. The local martial law commander was also wounded, when a sniper—thought to be a soldier—opened fire on the two men as they were returning from public ceremonies to mark the Shah's birthday.

According to the official news agency, Pars, the unidentified assailant escaped after killing Col. Tassadi and wounding Gen. Ahmad Nadjar. A separate version of the incident, in the afternoon newspaper Ettelaat, is that the two men were fired on from a passing car.

On Tuesday several army officers were wounded in Qom when rioters opened fire on troops attempting to contain the trouble. A home-made bomb was also thrown at an army vehicle.

With the country's main religious leaders having virtually withdrawn from the leading role they used to play in the mass opposition to the regime, sections of the Opposition forces have been increasingly militant. Attacks on foreign targets, especially in the city of Isfahan with its large U.S. military population, have become more frequent, though it certainly does not amount to a concerted campaign.

First reports say there were demonstrations and violent clashes in at least five cities today. Tehran itself was quiet with the university campuses—the scenes of mass demonstrations over the past week—deserted. Several small demonstrations against the Shah and in support of the exiled religious leader, Ayatollah Khomeini, took place, but there were no reports of casualties.

The opposition stronghold of Qom was once again today's worst affected city. As thousands took to the streets to demonstrate and do battle with the army, all shops closed down. Other trouble spots are reported to have been Rasht, where rioters attacked the Governor General's house, and Reyah, near the Iraqi and Turkish borders.

Although the early reports may be incomplete, today's trouble appears to have been less widespread than yesterday, when altogether 13 cities were affected. It might have been expected to be more intense in the light of the Shah's birthday today and the reaffirmation by Ayatollah Khomeini of his total opposition to any form of compromise with the regime. The Ayatollah's call for a war of attrition to bring down the Shah has been greeted here with forbidding.

## Burma oil exploration resumes

RANGOON, Oct. 26.

BURMESE Industry Minister Colonel Maung Cho said Burma plans to resume offshore oil operations in the next six months.

The Minister was replying to a parliamentary question but he did not elaborate.

The new exploration programme would be Burma's third attempt to find oil off its coastline.

U.S. and Japanese experts sank 12 test wells off the southern coast between 1972 and 1974, but operations were halted after four wells yielded traces of natural gas but no oil.

Another effort was made in 1975, with contracts awarded to foreign companies, including Exxon Corporation's Esso subsidiary and Compagnie Francaise des Petroles. But drilling again was suspended two years later after negative results from 17 test wells.

## Lebanon restricts guerrillas

BY IHSAN HIJAZI

THE LEBANESE Government has initiated moves to restrict the Palestinian guerrilla presence here and balance off plans for disarming the Lebanese Christian and Muslim militias.

An all-encompassing government blueprint issued yesterday to solve the four-year-old Lebanese crisis insisted the guerrillas must hand over their heavy weapons to the Arab peace-keeping force and withdraw from civilian districts. The command of the Syrian-dominated peace force was given two weeks in which to submit its own plan of action to enforce the new measures.

The Government scheme provided for removal of Lebanese militias from public places and taking away their weapons if they carry them on the streets. Christian leaders have made it clear they will not co-operate unless the Palestinians are disarmed first.

President Elias Sarkis met last night with Mr. Abu Iyad, the second in command in the guerrilla movement, to discuss the matter.

Guerrilla leaders have promised to cooperate, but were reported to be reluctant to withdraw about 5,000 commandos currently stationed north of the Litani river in the Nabatiyah area.

The guerrillas established themselves there after they were driven out of their bases on the slopes of Mount Hermon by the Israeli invasion of the region last March. The region, known as al-Arbab, is currently under the control of UN troops.

Old agreements between the Lebanese government and the Palestine Liberation Organisation do not permit the com-

mandos to be stationed in the Nabatiyah enclave. Guerrilla leaders were reported to have pointed out they could not evacuate the territory without having to return to al-Arbab in defiance of the UN presence there.

● Bahrain, Qatar and the United Arab Emirates slightly revalued their currencies against the dollar yesterday following a similar move by Saudi Arabia. The three Gulf states set the dollar's official selling price at 0.384 for the Bahraini dinar and 3.84 for the Qatar riyal and the UAE dirham.

Roger Matthews adds from Cairo: The Arab League today extended for another six months the mandate of the peace-keeping forces in Lebanon, but without the support of Egypt. The Egyptian Ambassador to the League, Mr. Taha Basir, later issued a statement warning that although Egypt had abstained on this occasion, it would in future oppose a renewal of the mandate.

Syria provides around 30,000 troops for the Arab deterrent force in Lebanon with token forces being contributed by Saudi Arabia and the Sudan.

THE INDIAN Cabinet today directed the Reserve Bank to suspend further auctions of gold from the Government's non-monetary stocks until it reviews its policy on gold sales. Fourteen auctions involving the sale of about 13 tons of gold have been held by the Reserve Bank since May 1978.

Gold prices in India have been rising steadily and reached the \$400 an ounce level 10 days ago despite the increased availability of the metal as a result of the auctions. Because of this, and also as a result of the bullish tendency in the international markets, there has been considerable speculation in Indian bullion markets.

The Government started auctions of non-monetary gold—consisting mainly of confiscated gold from smugglers—with the objective of reducing smuggling and the differential between the international and domestic prices. It was hoped this would also help bridge the large budgetary deficit.

The move proved partly successful but towards the end of September, when instability prevailed in the international bullion markets, prices in India fluctuated and gave rise to speculative tendencies.

● Pakistan's jailed former Prime Minister, Mr. Zulfikar Ali Bhutto, has been served with notices in his death cell to answer queries relating to his income-tax payments over the past five years, Chris Sherrill reports from Islamabad. In addition, both he and his wife, the Begum Nusrat Bhutto, who is under house arrest in Islamabad, have been ordered to appear before the Federal Land Commission when it sits at the end of the month.

## S. Africa sanctions talks at UN

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Oct. 26.

REPRESENTATIVES of the five Western states on the Security Council held urgent strategy talks today on possible ways to head off African demands for further sanctions against South Africa in view of the very limited results from last week's ministerial negotiations in Pretoria.

After denouncing what they termed the "so-called compromise" worked out by Britain, the U.S., France, West Germany and Canada with the South Africans, the African group called last night for a Council meeting to consider the situation.

In their letter to the Council president, M. Jacques Leprette of France, the Africans spoke of South Africa's "defiance" of the September 29 resolution authorising the dispatch to Namibia (South West Africa) of a big operation to supervise and control free elections in the territory. Privately, African delegates said they proposed to invoke enforcement provisions of chapter VII of the UN charter, which deals with threats to international peace and security.

One African ambassador went so far as to speak of possible UN military action. Of course, there is not the slightest chance that this could happen, if only because of the Western veto. But, unless there is some "give" from the South African side, a resolution proposing economic measures—the very least, a halt to further foreign investment in the republic—appears inevitable.

Although Dr. David Owen, the British Foreign Secretary, has called the Pretoria agreement a breakthrough, the view here, even in Western circles, is that this is attempting to buy an assessment. While insisting that their planned unilateral elections in Namibia in December take place, the South Africans agreed only to use their best efforts afterwards to persuade the internal leaders chosen at the polls "seriously to consider ways and means of achieving international recognition".

In a formal statement, the 48-nation African group here expressed concern, dismay and utter disappointment over this limited outcome from three days of talks, for which the West brought in all their big guns, including U.S. Secretary of State Cyrus Vance, SWAPO, the guerrilla group recognised by the UN as "authentic representative of the Namibian people", and with which the West has also been negotiating, declared the Pretoria accord unacceptable.

In the Security Council, which could begin debate tomorrow but appears more likely to defer until next week, the Western Dr. Kurt Waldheim, they do not believe he should return just now.

● Pretoria records continued the Western powers' recommendation Mr. Ahtisaari's return to try to work out with Judge Steyn modalities for future UN-supervised elections.

The special representative in Namibia for 17 days during the return to Namibia for further talks. He prepared a plan for the big UN operation that was approved by the Security Council at the end of September and to be kept to 30, back, provided to which South Africa has raised he is out again before the general important objections.

## Swaziland goes to polls

BY QUENTIN PEEL

JOHANNESBURG, Oct. 26.

THE FIRST general election in Swaziland since the country's constitution was suspended by King Sobhuza in 1973 is to be held tomorrow.

Announcement of the poll follows a long-standing promise by the King, aged 79 and the world's longest reigning monarch, to revive Parliament and introduce a new constitution.

According to the order published last week, the election will follow traditional lines. Voters will attend a series of tinkhundlas, or district councils, to elect an 80-member electoral college, which in turn will elect 40 members for a National Assembly.

The King will nominate a further 10 members for each House. No details have been published of the proposed new constitution. The election order said blandly that it would be promulgated after the people of Swaziland and the King had accepted it. The reintroduction of Parliament is seen as providing a

safety valve for public debate, which in recent years has steered a difficult course between its ideologically incompatible neighbours—white-ruled South Africa and socialist Mozambique.

In spite of the essential conservatism of Swaziland's 500,000 population, there have been signs of growing social strains. There were small-scale riots by students and teachers in the main towns of Mbabane and Manzini last October during a teachers' strike, and more recently several members of the banned South African Pan African Congress were detained and expelled.

The average annual industrial growth rate since independence in 1968 has been a phenomenal 19.6 per cent, but the economic benefits have also brought problems, with a booming South African tourist trade resulting in a rash of prostitution, along with the casinos and cinemas showing films banned over the border.

Japan to aid China in oil search

PEKING, Oct. 26.

Chinese officials and the Japanese Petroleum Corp (JPC) have agreed to co-operate in oil exploration and development in the Po Hai Bay area off China's east coast and the Southern Pearl River Estuary, according to sources close to JPC. They said U.S. oil interests will probably also participate in the latter developments.

The sources said a further round of talks with Chinese officials would be held in Tokyo in early December, and it was hoped an agreement would be signed next spring. Meanwhile, the U.S. Energy

## WORLD TRADE NEWS

## Japanese ship orders down 69%

TOKYO, Oct. 26.

FOREIGN ORDERS for Japanese ships fell to their lowest level for 15 years during the first half of the current financial year, the Transport Ministry announced.

During the six months from last April, foreign owners ordered only 761,800 gross tons compared with 2,458 gross tons in the same period last year—a drop of 69 per cent.

The Ministry said major factors behind the slump in what used to be a cornerstone of Japan's economic success included increased competition from countries such as Yugoslavia and South Korea and the yen's appreciation against the dollar.

The total backlog of foreign and domestic orders at Japanese yards had fallen to 5.8m gross tons by the end of September, compared with 10.29m tons a year previously.

Last July the Government recommended that Japanese shipbuilding capacity be cut by 35 per cent because of the worldwide slump in demand.

## W. German rail freight rates to increase

By Adrian Dick

Oct. 26. THE DEUTSCHE Bundesbahn, West Germany's loss-making Federal Railways, has announced that fares will go up about 3 per cent and freight charges by an average of 2 per cent next year.

At the same time, the management has forecast that net new borrowing in 1978-79 will amount to some DM 1.1bn, compared to DM10bn in the three years 1975-77.

There is likely to be little reduction in the accumulated debt of some DM 30bn. While the Transport Minister, Herr Kurt Gscheidel, warned in an interview last week that an operating subsidy of DM 14bn would be needed next year.

The Bundesbahn management is hoping for sizeable increases in revenues next year as a result of the price increases.

For the longer term, however, its hopes of achieving at least an operating profit must rest on the plans now under study by Herr Gscheidel's officials for separating operations from financial responsibility for maintenance of the network.

If this were done, the German Government feels the railways would be put on more equal footing with heavy and light traffic, and might then be able more effectively to compete with them.

## UK motor parts mission to S. Korea

By Peter Cartwright

A TEAM of 25 senior executives from 14 major UK component suppliers leave on November 3 for S. Korea which is to quadruple output of its vehicle industry to 400,000 units in three years. The Society of Motor Manufacturers and Traders mission represents a complete range of components needed to build cars and trucks. It will also help establish in S. Korea the equivalent of the Motor Industry Research Association's facilities near Nuneaton.

British technology is already strongly established in S. Korea. Leading UK components makers helped establish the original Pony car plant set up by Mr. George Turnbull, former BL managing director.

## MIDEAST INDUSTRY

## Saudis push ahead with Yanbu complex

BY JAMIE BUCHAN IN JEDDAH

THE RECENT award of a contract for the construction of a cross-country natural gas liquids pipeline has shown that the Saudi Government has every intention of pushing ahead with plans for hydrocarbon-based heavy industry despite widely voiced doubts as to its economic wisdom.

The contract, for a buried steel pipeline to run right across the Arabian peninsula from the Ghawar oilfield in the east 1,200 km to the Red Sea coast, was let without announcement in August to Techint Saudi Arabia, a construction concern based in Argentina but 70 per cent owned by Italian interests.

It represents a breakthrough for the Saudi Government in its drive to diversify its economy from oil into heavy industry. The contract was awarded by Aramco which has been designated by the Saudi Government to manage the \$14bn gas gathering system on which the long term industrial trial of Saudi Arabia is seen to rest.

For the NGL carried through the 26 to 30 in pipe will provide both energy and feedstock for the vast industrial complex planned for Yanbu, 350 km north of Jeddah.

Under the gas collection system, gas associated with crude deposits in the Ghawar Field, at present burned off, will be piped to processing plants under con-

## British exporters urged to spend more on advertising

BY LORNE BARLING

PROMOTIONAL ACTIVITIES by British companies in Europe are falling badly behind when compared with the increasing inroads made by Continental countries in the UK, a British Overseas Trade Board conference in London was told yesterday.

Sir Frederick Catherwood, chairman of the board, pointed out that British companies spend four times as much on advertising in the UK as their French counterparts do in France, and suggested that a small switch in expenditure could make a considerable impact.

"It is essential that we accept Europe as part of our home market. We still have a colossal trade imbalance with these countries and we must realise that promotion is important," he said.

He pointed out that more than half Britain's exports of manu-

factured goods now go to Europe, but so far there has been no real breakthrough in that market. It was essential for UK companies to promote their image abroad in conjunction with the normal requirements of reliable delivery times and service.

Mr. George Clare, group director of Axel Springer Verlag, the West German publishing group, said that advertising expenditure by West German companies in UK media had increased by 114 per cent between 1975 and 1977, while British advertising expenditure in Germany had declined by about 5 per cent.

And if one could monitor below the line promotional expenditure as one can advertising, then the picture would most likely be the same," he said.

Mr. Clare said he believed Government sponsored promotion and advertising was

needed to get across a more positive picture of British industry, which had an undeservedly bad reputation abroad.

"Corporate promotion on the country's behalf will create investment in the UK, more jobs and confidence in the products and services Britain wants to sell," he claimed.

Sir Nicholas Henderson, British Ambassador in Paris, said it was expected that UK exports to France would reach \$2bn next year, compared with only \$500m in 1975 and suggested that this performance would outstrip major competitors.

But there were still doubts about the performance of British industry, not in terms of quality, but on the ability to deliver. Moreover, French advertising by West German companies in France far exceeded that of British concerns.

## Mitsubishi to build in Europe?

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 26.

MITSUBISHI IS expected to decide next year whether to begin assembling commercial vehicles in Europe, according to the company's Dutch importer, Holland and Belgium are the most likely countries for an assembly plant.

Mitsubishi is convinced it cannot continue importing trucks into Europe because of high import tariffs and transport costs, according to Mr. Arthur Karl, managing director of the importer, Har Nibbrig & Co. But Mitsubishi Nederland would not confirm any knowledge of the plans. "I am surprised to hear such a rumour," Mr. K. Karl said.

Kinosita, managing director of the firm, said.

Holland or Belgium would be the most logical choice for an assembly plant since Mitsubishi has built up a sales network in those two countries. Mr. Karl said sales of 3.5 to 5 tonne trucks began in August, 1977 after three years preparation, and deliveries have now topped 100 in Holland with slightly fewer in Belgium.

Transport costs become a major factor when large vehicles are shipped from Japan, while import levies of 2.2 per cent on trucks are also a disincentive, Mr. Karl said.

The Harbours of Rotterdam and Antwerp provide good access to a large continental market. The costs of shipping completed trucks from the UK to the Continent makes Britain an unlikely choice for an assembly plant.

Mitsubishi would probably start assembling trucks in the 7.5 to 13 tonne range in Europe. But it is unlikely it would begin operations before the second half of 1980 at the earliest and would depend on whether the imported trucks are completely or only semi-knockdown.

Hart Nibbrig expects sales of Mitsubishi cars to reach 18,000 this year compared with 13,500 in 1977.

## French car registrations improve

BY ROBERT MAUTHNER

PARIS, Oct. 26.

FRENCH CAR production and new registrations, which were running at well below last year's record levels in the early summer, picked up in September, according to the latest figures published by the French motor manufacturers' association.

In the first nine months of this year, new registrations of passenger cars were up by 5.4 per cent to more than 1.4m, compared with the same period in 1977, following a substantial jump of 5 per cent in September. Although production in September was still 5.7 per cent below the level 12 months ago, it was only 1.7 per cent less for the first nine months of this year.

Exports, which totalled nearly 1.15m over the nine month

period, were down by 5.4 per cent from the same period last year, but are slowly beginning to pick up. In September, they were only marginally below last year's level of 12 months ago.

The commercial vehicle and truck market remains depressed, but there are, nevertheless, some signs of improvement. While production of vehicles up to six tonnes was down by 3.9 per cent over the nine-month period compared with last year, and by as much as 13 per cent in September, exports rose by 2 per cent and new registrations by 3 per cent in the first nine months of this year. In September, exports rose by as much as 14 per cent on a year-on-year basis, and new registrations more than 10 per cent.

Similar trends are shown by the figures for trucks of more

than six tonnes. While production continues at the same depressed level as last year, they decline in exports in September to 7 per cent from 17 per cent during the previous two months, whereas registrations rose by 2.3 per cent.

New registrations of all categories of foreign vehicles over the first eight months of this year totalled more than 294,000 out of a total of 1,336 registrations. New registrations of foreign passenger cars during this period amounted to 288,000 out of a total of 1,086.

Meanwhile, at the Motor Show in Birmingham, Mr. W. Fenoglio said his company plans to increase its share of the UK market from 4.6 per cent to 5 per cent by 1983.

## Finnish paper exports up

BY LANCE KEYWORTH

HELSINKI, Oct. 26.

FINNISH PAPER exports picked up markedly at the end of 1977 and growth has been maintained in the current year. Total deliveries (export and domestic) will probably rise this year to over 3m tonnes, which is near the total for the peak year of 1974.

This cheering news was another for Finnapp, the Finnish Paper Mills Association, the marketing organisation for Finland, comprising 26 mills and 100 paper machines, and a total production capacity of 4.5m tonnes. Only three of the member companies market their product overseas and then only part of their output.

Finnapp's sales volume increased by 3.6 per cent in 1977 to 2.77m tonnes and in value by 17.1 per cent to FM 4.63bn (roughly £578m at the current exchange rate). Exports increased by 18 per cent in January-September 1978, but increase for the year as a whole

is expected to drop to around 10 per cent.

Actual consumption of paper in Western Europe grew at a rate of 3 to 4 per cent as demand increased but newspaper strikes in North America eased competition for newsprint and consumers started replenishing their stocks. As a result mills have been working at about 85 per cent of capacity, compared with 77 per cent in 1977. The demand for and supply of coated magazine paper is in balance and production capacity is fully utilised. For all other qualities there is spare capacity.

Looking ahead to 1979, Finnapp notes that exports should grow in pace with the increase in world consumption which, it is estimated, will be nearly the same as, or in some markets smaller than, this year. Thus, the growth rate of Finnish paper exports may decelerate some-

## DM 96m credit for Turkey

Turkey and West Germany have signed a credit agreement under which the Germans are to provide credit of DM 96m to help construction of a hydroelectric power plant and dam in Western Turkey. AP-DJ reports from Ankara. The loan is part of the DM 150m credits that West Germany has pledged Turkey this year within the framework of the European Consortium to aid Turkey. The credit is to be repaid in 30 years and carries an interest rate of 2 per cent.

## FT colour printing

The Financial Times has placed a 10-year contract with Hurryvet, the Turkish newspaper group, for printing and inserting for the Financial Times newspaper to be printed next year in Frankfurt by Frankfurt Societats-Druckerei. The colour inserts will be printed at the Hurryvet plant in Frankfurt using colour printing equipment purchased from Creusot-Loire of France.

## Hazards facing the prophets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S surveys of investment intentions have little change and the third survey of investment intentions have even projected an increase. But had a fairly good record in predicting the direction of change, when the actual outcome of a survey they have tended to over-estimate any eventual rise in spending and underestimate any decline.

The record is shown by a review of the Department of Industry's surveys published in today's issue of Trade and Industry magazine.

Surveys are made three times a year and information is sought for two years ahead, so that intentions for any one year are collected on six occasions.

The analysis shows that the later surveys are much less expected, a more reliable guide to the outcome than the preliminary inquiry, though the first indications have generally pointed at least in the right direction.

An exception was the recession year of 1975 when the preliminary inquiry had indicated

## MPs call for Ministry of Broadcasting

BY IVOR OWEN, PARLIAMENTARY STAFF

A MINISTRY of Broadcasting, with responsibility for radio, television and the whole field of telecommunications, is recommended by the Commons Select Committee on Nationalised Industries in a report published yesterday.

Like the Annan Committee, the select committee regrets the demise of the Ministry of Pensions and Telecommunications in April 1974, when control of broadcasting, together with the ownership of the IRA, was transferred to the Home Office.

The 15 MPs from all parties who form the select committee question the suitability of the Home Office for these responsibilities and urge that they should be brought within a single special Department.

While praising the work of the Independent Broadcasting Authority, the select committee also recommended that as the commercial radio system needed national coverage, franchises should be opened up to compete

## Bankruptcy warning from BBC chief

BY MAURICE SAMUELSON

THE BBC would be bankrupt by February or March, Mr. Alasdair Milne, BBC TV managing director, said yesterday. By then, the present £12m deficit could reach £30m, its present borrowing limit.

The main problem was uncertainty over the BBC's application to raise the joint radio and colour television licence from £21 to £30 a year for the next three years. The rise would give a needed £100m boost to annual income and wipe out the accumulated deficit, Mr. Milne said.

The Government would not let the BBC go bankrupt, but the Home Office's attitude towards the request for more money had been "obscure".

Because of the financial difficulties, vital employees were

## Shirt industry predicts boom year for sales

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S MEN have picked up the shirt-buying habit again and look like representing the industry and retailers with one of their best years for sales for some time.

Sales were up 16 per cent in volume in the first half of the year over the same period last year, and have continued to run strongly since the summer.

With the second half traditionally accounting for about 60 per cent of the year's total sales, the industry is forecasting that purchases this year could reach about 88m.

## Fenton photographs find mixed reception at sale

THERE WERE mixed fortunes for Christies, South Kensington, sale of photographs yesterday.

The main item, a portfolio of 229 photographs taken by Roger Fenton in the Crimea and still in their original edition, was bought in at £12,000, while individual photographs by Fenton were fetching very high prices. The sale totalled £75,065.

The Fenton portfolio, perhaps the most comprehensive collection of Fenton's Crimea War photographs in existence, was estimated to go for between £15,000 and £25,000. Ironically eight individual photographs by Fenton sold for about £12,000, so the owner of the album must be tempted to split it up and sell off the best items separately.

A view of the churches of the Kremlin by Fenton sold for £5,200 and the only known nude study by the photographer made £3,800, as against a £300-£500 estimate.

Two more views of Moscow each sold for £2,800. There was a high price of £1,300 for a Julia Margaret Cameron study, The Dream, and a portfolio of 40 photographs of celebrated Victorian scientists was bought by The National Portrait Gallery for £1,250.

The other major item, Life and Landscape on the Norfolk Broads, also failed to find a bidder £339,158, the highest total for beyond £5,000.

## Windscale may use new French process

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN MAY licence a French process for solidifying the highly radioactive residue from reprocessing spent nuclear fuel, in a decision which could be the UK's first decision to import overseas technology for its nuclear energy programme.

It needs such a process for its new £600m reprocessing plant at Windscale, approved by the Government last spring after a public inquiry.

Half of the initial workload of this plant is expected to come from overseas customers under contracts which require the customer to take back the solidified waste.

French estimates suggest that the cost of a plant to turn the radioactive acid waste from a reprocessing plant into a glass could be about £10m.

A decision whether British Nuclear Fuels will install its own Harwell process, originally developed at Harwell, or the French AVM process for its £30m Windscale, approved by the Government last spring after a public inquiry.

The West Germans and Belgians have already decided to licence the French process, first demonstrated on radioactive waste last July. Provided it continues to perform well, the likelihood is that Britain too will want the AVM process.

Senior British Nuclear Fuels engineers will visit Marcoule next week to see the first major maintenance operation on the highly radioactive plant.

The final decision on which process to install in the pilot glassmaking facility under construction at Windscale will probably involve three parties — British Nuclear Fuels, the Central Electricity Generating Board and the Department of Energy.

Energy review, page 27

## Energy consumption steady

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITAIN'S energy consumption has risen only marginally so far this year and is still well below the peak level reached in 1973.

Total output of oil products from June to August was 21 million tonnes, an increase of 3 per cent over the same period last year.

Petrol has shown any increase in demand over the three months from June to August compared with the same period last year.

Petrol consumption was up by 4.6 per cent during the three months, while coal consumption fell by 3.1 per cent, demand for natural gas fell by 3.8 per cent, and nuclear electricity consumption dropped by 6.8 per cent.

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## EEC cuts another 6p off price of butter

By Richard Mooney

THE COMMON Market Commission is to play Santa Claus to British housewives again this year by cutting another 6p a lb off the retail butter price.

The UK butter price is already being subsidised by 6p a lb as part of the general EEC subsidy. But this is due to come down to 5p a lb from January 1 and will be phased out by April 1. The Christmas bonus is expected to come into effect from mid-November and should last eight to 10 weeks.

The Commission originally proposed two options for member countries: a 21p a lb subsidy on 17,000 tonnes of butter for each country; or 10p a pound on 38,000 tonnes.

### Satisfied

The second option was available only for domestically produced butter. But Britain's special position as the Community's only butter importer prompted the Dares and the Irish—members to the UK market—to say that the British subsidy should apply to supplies from all sources.

As a result a 6p a lb subsidy will be granted on 51,000 tonnes of Community (including home produced) butter and an equivalent reduction will be made on 17,000 tonnes of New Zealand butter.

## Nepal £10m order for ships goes to Sunderland yard

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A £10m order was announced yesterday by Austin and Pickersgill for two of its highly-successful standard SD14 cargo ships—the first contracts announced for vessels of this type for almost two years.

The ships are for the Royal Nepal Shipping Company and will be the first vessels in the docked Asian country's fleet. They will use Indian ports.

Mr. Derek Kimber, managing director of Austin and Pickersgill, said he had signed another SD14 order within the last week. The ships for Nepal and the other orders in the pipeline, however, would do no more than compensate the Sunderland yard for contracts cancelled by other shipowners.

"We are running hard to stay in the same place," One of the Nepal ships is a transferred contract, but the second is a completely new order which has been financed with assistance from the Government's £85m shipbuilding intervention fund.

This is the first time that Austin and Pickersgill, which prides itself on being price competitive with any yard in the world, has made use of the fund.

"This is a sad day from that point of view," Mr. Kimber said. "But it is inevitable when shipyards all over the world are getting Government help to cut prices."

## Key to £3bn market

BY OUR SHIPPING CORRESPONDENT

VOSPER-THORNICROFT has produced a new patrol boat design which it sees as the key to attacking an export market estimated at £3bn in the next 10 to 15 years.

Vosper also hopes that the Navy will consider buying the Vigilance-class boat as part of its replacement programme for obsolete Tyn-class vessels.

The Vigilance will be officially shown for the first time next month at a British trade exhibition in Mexico, where the British Shipbuilders patrol boat group—comprising Yarrow Shipbuilders, Brooke Marine and Vosper—is making one of its biggest marketing pushes of the year.

Admiral Sir Anthony Griffin, British Shipbuilders chairman, visited Mexico recently and there are hopes of substantial orders in both the military and merchant ship fields.

# BARCLAYS BANK HELPS EMI BRING THE LIFE-SAVING SCANNER TO SPAIN

Barclays Bank International provided finance to help develop and sell the EMI-Scanner. In just five years over 900 systems have been installed throughout the world, in Spain and 40 other countries.

The EMI-Scanner was a brilliant technological breakthrough. It benefits doctors and patients everywhere.

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and accuracy. Doctors can examine patients quickly, and determine life-threatening conditions which might otherwise be difficult or impossible to diagnose.

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We help most of the world's successful international companies. Somewhere there is a market where we can help you.



**BARCLAYS**  
International

## HOME NEWS

## UK likely to hold Nigeria tax talks

BY DAVID FREUD

UK TAX officials are likely to fly to Nigeria in the near future for talks on a new double-taxation treaty.

Nigeria said last June that it was revoking its tax agreements with nine countries, including the UK, from next April 1. At the same time it introduced a heavy remittance tax to take effect from the end of the tax year—on foreign income and shipping companies.

The tax, a 10 per cent levy on cash remitted out of the country, has the greatest impact on companies, which sell services in Nigeria, but whose expenses are incurred abroad. This is the case with foreign airlines, such as British Caledonian.

British Caledonian is understood to have pressed the Inland Revenue to renegotiate the agreement as a matter of urgency because of the 10 per cent levy. Exemption from it is high on the UK negotiators' list of priorities.

## Credits

One of the concessions the UK is likely to be prepared to offer is matching credits. This means the UK will allow for Nigerian tax incentives to encourage British companies to invest when assessing these companies' tax liability in the UK.

The old agreement dated from 1947 and the Nigerians said they were revoking it because it was inherited from the colonial period.

The new agreement is likely to be based on the Organisation for Economic Co-operation and Development model treaty, and will probably deal with such matters as dividends, interest payments and royalties, which were excluded from the original agreement.

Nigeria is the UK's eighth biggest export market, the largest outside Europe and the U.S., so it will set precedents for Britain's tax relations with other developing countries.

It is not known how long the renegotiation will take. After the first set of talks in Nigeria, there will probably be a second set in London in spring or summer, and further meetings may be necessary.

## Brick output up, but below last year

Financial Times Reporter

BRICK OUTPUT in the three months, July to September, was 21 per cent higher than in the previous three months, but 5 per cent lower than in the same period of last year, according to Department of Environment statistics.

Cement deliveries—also seasonally adjusted and allowing for working day variations—were 3 per cent higher in the period July to end-September than in the previous three months and were also 3 per cent higher than in the same period of last year.

Output of clinker was 4 per cent lower than in the previous quarter but 2 per cent up on the July-September period last year.

Brick output last month totalled 429m and deliveries amounted to 487m. Stocks fell from 661m to 624m during the month, representing about six weeks of present production.

## September fire damage costs up to £30.8m

BY ERIC SHORT

FIRE DAMAGE costs last month soared to the almost record level of £30.8m, according to the British Insurance Association.

The figure has been exceeded on only four occasions over the last five years, the month which included the Pittsburgh chemical plant disaster and the three consecutive months covering the firemen's strike.

Last month's fire damage costs were nearly double those of August and more than 22m higher than in September last year. Costs over the first nine months of this year amounting to £216.9m are more than 30 per cent higher than those over the corresponding period last year.

The costs last month were affected by four big fires: one at a warehouse in the North-West where damage was estimated at

£41m, and three other fires where damage in each case exceeded £1m.

There were 16 other fires in which damage costs were more than £250,000 and a further 50 where the cost was at least £25,000.

The Association noted with concern that included in this last group were 32 fires at places used by the public such as shops, schools, social clubs and theatres.

The high damage costs were announced at the same time as the Central Fire Liaison Panel announced its plans for the National Fire Safety Week, which starts on Monday.

The aim of the campaign is to alert the nation to the increasing threat from fire and the slogan for the week will be "Stop Britain Burning."

## Home society chief forecasts fewer mortgages next year

A MORTGAGE could be even more difficult to get next year than it is now, said Sir Oliver Chepstow, Chairman of the Woolwich Equitable Building Society yesterday.

He said that a 20 per cent rise in house prices next year would mean the total mortgage lending would have to rise to £10,500m just to supply the same number of people with home loans.

"I have doubts that this can be achieved. By implication, mortgage rationing would be even tighter than now. That is another reason why I think that house prices are not going to run away. My guess would be that price increases will settle somewhere around 15 per cent per annum."

Lending is restricted now by agreement with the Government to £40m a month—£7.65m a year. Figures from the Woolwich

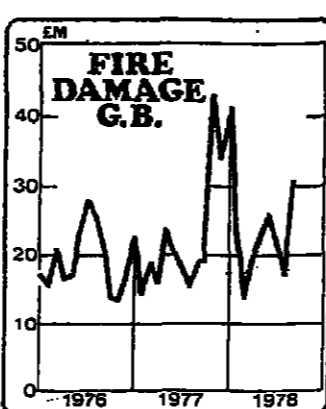
yesterday showed that in the last year, house prices have risen on average by 17.9 per cent. In some areas, however, the rises have been substantially higher.

In the South, a new house is 31.9 per cent up on the year, and in Northern Ireland 35.7 per cent up. In the West, new houses are up by 24.2 per cent and existing houses by 26.9 per cent.

Sir Oliver also joined the growing chorus of building society opposition to the Government's mortgage lending restrictions. "The restraint has had little or no impact on prices in the market place."

The restrictions could have hurt those whom they were designed to help most—the first-time buyers.

"If the market is kept short of funds and new gets around that mortgages are very difficult to obtain, the first-time purchaser loses. This is because residents of houses at the less expensive



Mr. John Williamson, chairman of the panel, said the stark facts about fire spoke for themselves. There were 50,000 fires each year in private homes which caused 700 deaths and 45,000 fires at places of work causing a further 100 deaths.

Such statistics meant many human tragedies, many economic disasters and a wholly unnecessary loss to Britain's economy.

The campaign would call the attention of executives, managers, foremen and employees in particular to the dangers of fire, its most frequent causes and to methods of minimising fire risks.

The plan makes the first steps in suggesting how the authority should be financially reconstructed to put it on a permanently healthy footing.

It says the Government must meet the cost of the 1,489 voluntary redundancies—more than a quarter of the upper docks workforce.

It should also write-off past debt of London port employers and there should be a "substantial reduction" in the 8 per cent severance levy currently borne by London port employers under the terms of the National Dock Labour scheme.

Implemented

This theme will be developed further in a five-year corporate plan on which the PLA is now working. Future instruments of the plan will be discussed with trade unions before they are implemented.

Other points detailed in the plan are:

● The PLA should be relieved of non-commercial costs, such as maintaining certain locks.

● Efforts must be made to reduce charges at the port, which studies have shown to be among the most expensive in Britain.

● There should be a review of non-PLA charges, such as towage fees.

● Alternative job opportunities should be sought in the fields of warehousing, container repair and cold storage.

● Capital investment will be needed to expand facilities for handling unitised and specialised cargo.

● If success is achieved in improving the port's performance, total port traffic will grow from 51.3m tonnes in 1973 to 55.3m tonnes in 1983. Conventional traffic is forecast to increase from 1.8m tonnes to 2.1m tonnes.

The plan to proceed, Mr. William Rogers, the Transport Secretary, has to agree to release the first portion of the £35m promised in July to cover severance costs. This sum would be available, he said, upon receipt of a costed union-management plan designed to lead the port towards viability.

## Job cuts 'will not make port viable'

By Ian Hargreaves, Shipping Correspondent

THE PORT OF London will not be financially viable after the redundancy programme at the upper docks, according to a joint union-management target plan agreed recently.

The plan, which is now being considered by the Government, says that manpower reductions of 1,489 jobs are estimated to produce a saving in current costs of £5.6m in 1979 or £8.7m in a full year.

Preliminary indications were that these savings would reduce the rate of loss, but "still leave a significant gap to bridge in restoring viability."

The Port of London Authority lost £8m last year.

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## Prize for aircraft design

By Michael Donne, Aerospace Correspondent

A £20,000 prize is being offered by the Royal Aeronautical Society for the best design of a light aircraft suitable for training and club use which could be manufactured commercially in the UK.

The society's light aeroplane group hopes to encourage renewed interest in light aircraft technology, design and manufacture in this country and the competition is intended to bring forward design talent so that, in the long term, manufacture of light aircraft could be restarted here.

Donations for the prizes have been made by British Aerospace, British Airways, British Caledonian, British Island Airways, Dowty Group, the Guild of Air Pilots and Air Navigators, C. F. Hughesdon, the Royal Aeronautical Society, Shell (UK), Smiths Industries and Thomson publications.

The first prize, at least £20,000, will be awarded to the best design that shows both technical improvements over existing types of light aircraft and the simplicity essential for cheap manufacture.

A secondary prize will be awarded for the best entry from competitors under 25 years of age. Entries must be made to the society by April 2 next year.

Mr. Peter Cadbury, chairman of Air Westward, launching an Exeter-Brussels service yesterday, said that the airline was operating at 75 per cent capacity and new, bigger aircraft and new base were under consideration.

A recent report by the Government's Central Policy Review Staff, representations by local councils, planners, architects and others and the results of a similar conference in April 1977, will be studied.

THE economic boom should proceed for at least another year, according to Mr. Walter Eltis, an economist don at Oxford University, in a circular issued by City stockbrokers Rowe and Pitman, Hurst-Brown.

However, there were too many areas of concern for real confidence that the UK will move to the easier territory where output and productivity are higher and the balance of the economy is restored.

The main areas of concern were the balance of payments, a possible wages explosion, forcing the Government to halt expansion, and financial management which could have the same effect.

On balance, Mr. Eltis expects the balance of payments to jerk along from month to month and inflation to rise, but not to a rate which will be out of line with the monetary targets set for 1979.

There would be shortages of skilled labour and plant, but not lethal ones, and the financing of the Government's deficit would proceed in fits and starts but without immediate disaster.

In the meantime, investment and exports and private consumption should all maintain their rising trends and keep the economy moving upwards.

City stockbrokers Buckmaster and Moore say that although interest rates are high and look attractive by comparison with the UK's inflation rate, there is still a good chance of interest rates rising.

Government borrowing was still rising sharply, showing that the Government's tax and expenditure policies were becoming more and more expansionary. At the same time the Government wanted to borrow more funds, as did industry.

There was putting strong pressure on interest rates, as the Government attempted, as it did in 1974, to "crowd out" private industry in the battle for funds.

The pressure on interest rates would ease only when economic activity in the UK had dropped off, producing a decline in the private sector's demand for funds.

## Record crowds boost NEC as motor show site

FINANCIAL TIMES REPORTER

THE MOTOR SHOW appears to have a long and secure future at the National Exhibition Centre, near Birmingham, following another day of record attendance. By 5 pm yesterday 95,028 visitors had pushed the running total well past the 500,000 break-even point to 634,261, and within sight of previous show records in Paris and Frankfurt.

The show has been open seven days and has three left to run. Its organisers' priority was to recoup the £2m spent on promotion. This was achieved on Wednesday.

Exact comparisons with the Earls Court Motor Show are impossible because this show includes, for the first time, commercial vehicles which attracted

100,000 in the mid-1960s when Earls Court was establishing a record 660,287.

But it is accepted that the NEC will be a bigger success than both shows, in numbers and business inquiries.

The 210,000 visitors in the first weekend, when 800 "park n' ride" buses were bringing in caravans, people almost overwhelmed the administration.

Business rather than numbers is the major concern of exhibitors. Here the reaction is less encouraging, although there have been several surprises.

Aston Martin, the specialist car maker, had been reluctant to show, but reported it had sold the whole of next year's production. Commercial vehicle producers have been announcing big contracts, some running into well over £1m for buses.

But a number of body-builders and other specialists complain that the crowds are preventing people they really want to see from getting to them. Some of them would like to see the commercial vehicle section again divorced from cars.

A compromise that will be discussed is to have a trade day for commercial vehicles. This would not be opposed by the component and accessory makers who have to appear at all shows and argue that separate shows would involve them in unnecessary expense.

Car production in Britain in the five weeks to the end of September was 107,493—8 per cent below the September figure of last year, according to the Department of Industry. The Ford stoppage towards the end of the month was a major factor in the reduction.

## Church investment income rises £3.7m

BY JAMES McDONALD

CHURCH OF ENGLAND Commissioned income from all sources—investments and rents—rose by £3.7m to £46m in the financial year to the end of March.

The total income had risen over the year by 8.7 per cent, the annual meeting of the Church commissioners was told yesterday.

Of the £46m income, 61 per cent had been spent on clergy pay, 13 per cent on clergy and widows' pensions and 10 per cent on clergy houses, a total of £41m, or 89 per cent of total income.

The introduction to the annual report points out that the income from the commissioners' assets rose by 8.4 per cent against a background of continued dividend restraints and lower interest rates.

"This rise has to be set against the rate of inflation over the year: the annual rate of which had, by March 31, 1978, fallen to 9.1 per cent."

But inevitably, the main part of the task of improving clergy stipends in real terms "has fallen and must fall, on Church members."

"Nonetheless, the commissioners still meet well over half the clergy stipends bill and this remains their main responsibility."

One of the encouraging features of the year was that there had been worthwhile increases in clergy pay, coming into force on April 1.

The minimum stipend for a rector or vicar was increased by 14 per cent to £2,900 a year, and increases of up to 20 per cent were given to assistant curates.

The basic pension for a rector or vicar has been increased by 37 per cent over the last two years and at £1,450 a year, equals half the minimum stipend.

Sir Ronald Harris, First Church Estates Commissioner, said that the commissioners, with £300m worth of shares, would continue to invest in companies with South African interests.

Although the commissioners' share portfolio did not include companies dealing wholly or mainly with South Africa, it did take shares in large companies with small interests there.

Sir Ronald said that he had spent two months in South Africa this year trying to form an independent view of the issue facing about the investment, he said: "These are large companies with small investments in South Africa and we are not trying to influence them to come out of South Africa."

"We feel the enlightenment they can bring does more than anything else to influence the people of South Africa for the better."

Mr. Walker had been widely expected to announce the go-ahead for a scheme, which would cost between £4m and £5m a year. But the minister went no further than to say the problem was still being identified and the cost assessed.

Both the Labour Party and the two Plaid MPs who represent the slate quarrying areas, have been campaigning for a scheme akin to the Coal Board's pneumoconiosis compensation for disabled coalminers and their families.

The campaign was given fresh impetus earlier this year by the failure of the Pearson Commission on civil liability and compensation for asbestos workers to come up with a solution.

It triggered the biggest demonstration seen in North Wales for many years and a 25,000 signature petition calling for justice for disabled quarrymen.

The Government's reluctance to meet the demand undoubtedly stems partly from the worry that aid for disabled quarrymen could open the way for similar claims on public money from other groups, such as pottery, foundry and asbestos workers, who are also prone to respiratory lung diseases associated with their industries.

Ministers have said that the Coal Board scheme is essentially an arrangement worked out within the industry, and that other industrial groups should do likewise.

But in North Wales, the position of disabled quarryworkers has been complicated by the fact that the industry has contracted sharply, and many of the slate companies which used to employ them no longer exist.

THE PROPOSED Welsh Assembly was described yesterday as "a monster" which would create tensions within the United Kingdom, render Welsh MPs powerless in Westminster, and weaken local government.

Firing the opening shots of the Conservative anti-devolution campaign, Mr. Nicholas Edwards, Opposition spokesman on Wales, accused Welsh Assembly supporters of attempting to confuse and sow discord by injecting patriotism and prejudice into the argument.

"What we have to decide is not whether we love our country, but whether the Wales Bill, a product of political expediency and cowardice, is a measure that deserves support," Mr. Edwards MP for Pembroke said at Ffordd-y-felin.

He accused Plaid Cymru of waging a dishonest campaign and added: "If we love Wales, we will have nothing to do with this monster. We will throw it out, and kill it stone dead."

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## Rail buffet prices to be cut

BY OUR TRANSPORT CORRESPONDENT

BRITISH RAIL is to cut the price of its buffet car food and drink from Monday.

Some items will be reduced by 10 per cent, after a successful experimental price-cutting exercise.

The experiment produced net revenue increases of up to 30 per cent, but there is unlikely to be any reduction of the £2.4m loss incurred by Travellers Fare last year.

Sir Peter Parker, the railways chairman, has said that he regards train catering as worth spending money on—even though it loses money.

His policy has been to control prices and improve the quality and variety of food. Next year, the service will also benefit from the arrival of 28 new £100,000 buffet cars.

London Transport has announced details of its plan to set rid of "ghost journeys" in the capital—where buses fail to appear according to timetable.

Under the second stage of its bus plan, which takes effect from tomorrow, there will be changes on over 150 routes.

The aim is to match services more closely to available resources of vehicles and manpower, by cutting advertised services in some cases.

## Big changes predicted in beer trade review

BY PAUL TAYLOR

BIG STRUCTURAL and marketing changes in the UK brewing industry are forecast in a review of the industry published today.

A detailed review prepared by City analyst Mr. Colin Mitchell for Buckmaster and Moore, the stockbrokers, predicts a brighter future for the industry, but says that this may involve radical changes.

Among the main predictions made by Mr. Mitchell are: Up to 30 independent brewers will disappear in the next seven to 10 years unless their marketing outlook changes; over capacity in the industry; and particularly within the larger sector, will force brewery closures; population changes will result in the

closure of 5,000 pubs by 1985.

Mr. Mitchell said that independent brewers must adapt rapidly to the changed market if they are to avoid closure or takeovers, and that the six big companies will be forced to shut some breweries because of over capacity.

Capacity in the beer industry now outstripped production by about 50 per cent, and, while the prediction of a 20 per cent increase in beer consumption by 1985 was "realistic," there would still have to be some brewery closures.

Mr. Mitchell expected taxation on all forms of alcoholic drink to rise but suggested higher taxation could be introduced without seriously affecting consumption.

The "archaic UK licensing laws" caused unfair competition between public houses on one hand and free trade outlets and off-licences on the other.

Mr. Mitchell said that he was "more optimistic" about the future of the industry than he has been at any time during the last five years.

New talks begin on vandalism

EFFORTS BY the Government, industry, police and other groups to combat vandalism will be reviewed at a conference to be chaired by the Home Secretary, Mr. Merlyn Rees, in London on Tuesday.

A recent report by the Government's Central Policy Review Staff, representations by local councils, planners, architects and others and the results of a similar conference in April 1977, will be studied.

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And the redesigned cab layout alone is a convincing argument for drivers to quit a company not using the vehicle.

## Milkmen stay overnight

The David Andersons (father and son) use a Sherpa to deliver milk in the Shetland Islands.

Early on Saturday morning, 28th January 1978, they set off on their milk-round through 15 inches of snow at sub-zero temperatures.

The roads were chaos: cars, vans, trucks stuck in drifts everywhere.

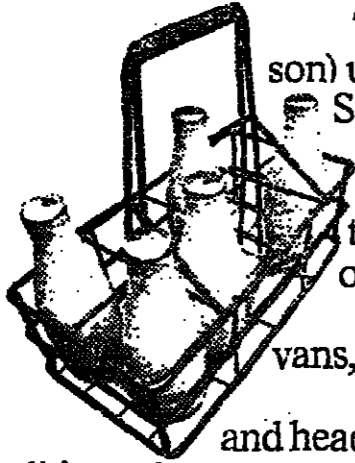
After completing their round and heading for home in blizzard conditions, they too had to stop. The road was blocked by a 4-wheel drive vehicle unable to move further.

Moving the obstruction took 1½ hours.

By then visibility was down to about 5 feet.

Snow drifts encountered were reaching wind-screen height. Although now only two miles from home they reluctantly sought refuge for the night in a nearby cottage. Next day, after digging out, brushing drifted snow off plugs and points, their Sherpa started first time.

In their own words: "Long live the Sherpa."



## Nods from professional cynics

"Truck Magazine" reported a comparison between Sherpa, Transit, Bedford, VW and Dodge Vans.

Their conclusion (still endorsed by the magazine) "... the Sherpas were best all-rounders at the test track with consistent economy, respectable performance...".

A Sherpa Diesel is the only laden van on a 'Motor Transport' Magazine road-test to break the 50mpg barrier.

An all time record.

## Sherpa, the back-up to big Macks

"If a big Mack hits trouble out east, we send a Sherpa to the rescue," stated Andrew Maclean of O.H.S., Transport, Rainham, Essex.

As long-distance truckers hauling huge tonnages with the motto 'The Reliable one in International Trucking', they can't afford an unreliable rescue van.

Their first Sherpa has now been replaced by a second.

In less than six months it has already been to places as far away as Eastern Europe at an average of 22mpg.



## "History is bunk," said Henry Ford

The Sherpa engine has a reputation amongst engineers, trade press and operators alike as one of the toughest, most rugged units ever made. That's history.

Some learn from failures. But our policy is to learn from success.

Now a good engine has been replaced by a new, even better one.

In broad terms: it's lighter, more economical, requires less servicing, is easier to service and is well in advance of today's pollution-control standards.

It is fitted with an aluminised exhaust, for far longer life - up to 40,000 miles.

Kerb weights are reduced and payloads greatly increased - by as much as 264 lbs/120 kgs.

Everything has been tested. And tested again. 30,000 miles on the dynamometer. For the engine alone.

1,500,000 miles on road and track from desert to sub-arctic conditions.

## Don't forget the driver

The cab layout is re-designed. All switches, controls and pedals are readily to hand or feet.

A lot of head-work has gone into the seat design. A working bum needs all the comfort it can get.

The moral in all this adds up to that intangible asset: driver or employee loyalty. This also pays off on the bottom line of the balance sheet.

## Britain's best warranty, too

Sherpa comes with Supercover, Britain's best warranty. Not that you're likely to need this - but good to have just in case.

Your Sherpa dealer can tell you more, or write to: Austin Morris Ltd., Light Commercial Vehicle Sales, Grosvenor House, Prospect Hill, Redditch, Worcestershire, B97 4DQ.



# The new Sherpa. Same old story.

## LABOUR NEWS

## Call to intervene in council settlement

By Our Labour Staff

THE GOVERNMENT has again been asked to intervene in a wages council settlement row between employers and unions over low pay.

The Union of Shop Distributive and Allied Workers yesterday attacked independent and employer members of the wages council which fixes minimum pay for 200,000 staff in furnishing and household goods. The council has proposed new rates below the Government's £44.50 low-pay threshold.

Mr. John Flood, the union's assistant general secretary and leader of the workers' side has called on the Department of Employment to raise the proposed wages order, the new statutory minimum for staff in small towns would be £42, with £42.50 for those in large towns and £43 in London.

Mr. Flood said the time had come for Government Ministers to indicate in precise and definitive terms to all independent member on all councils their obligation in the current situation of the bargaining cycle.

Mr. David Barnett, general secretary of the General and Municipal Workers' Union has already asked Mr. Albert Booth, the Employment Secretary to intervene in a wages council settlement for staff in licensed hotels and restaurants.

## Search for hospital solution continues

BY PAULINE CLARK, LABOUR STAFF

THE STRUGGLE for a solution to the hospital supervisors' crippling industrial action continued last night with no sign of a breakthrough after seven hours of union talks at the TUC.

Mr. Len Murray, general secretary of the TUC, became directly involved for the first time in the search for ways to break the five-week-old deadlock. He joined the talks at the Department of Health reported a further lengthening of the hospitals waiting list to some 35,000 as a result of the dispute compared with 30,000 reported last weekend.

The industrial action by 3,500 supervisors has left up to 9,000 beds empty. Many hospitals throughout the country are restricting admissions in emergencies only because of shortage of laundry and sterile supplies. The TUC meeting involving general secretaries of the unions leading the dispute and the 12-strong staff negotiators team followed a total breakdown in talks with management on the previous night.

The union said they had offered to wait three months before implementation of its demand for a 15 per cent minimum bonus to give time for the scheme to prove it could be self-financing. But the management has stood firm on its latest offer to phase in allowances of up to 15 per cent over 12 months.

Mr. David Ennals, Secretary for Social Services, said last night that he was available should any approach be made by work under them. The craftsman's productivity bonus deal implemented last September is the root cause of the dispute. Mr. Ennals repeated that he believed that the industrial action was putting lives at stake, and urged the unions again to suspend action and to use the established dispute machinery for settling their grievances.

He made it plain, however, that there could be no concession to a demand which would threaten pay differentials throughout the NHS. National Health Service workers, and also create a precedent which could wreck the level of pay settlements in the rest of the country.

## Kauffman to discuss Greenock redundancies

UNION REPRESENTATIVES of the workers at the Scott Lithgow drydock in Greenock are to meet Mr. Gerald Kauffman, Minister of State for Industry, next week to discuss the company's proposed redundancies.

Also at the meeting—arranged by Dr. J. Dickson Mabon, the local MP—will be company representatives. This was announced yesterday by Mr. George Garner, the yard convenor, after a mass meeting at the dock.

Other meetings held throughout the Scott Lithgow Group gained 100 per cent support from the 8,000 workers from the drydock. Shop stewards said they could not make any comment on their next step until they had discussed certain questions with the management yesterday afternoon.

## Outlook hopeful in Alvis dispute

By Nick Garnett, Labour Staff

THE ADVISORY Conciliation and Arbitration Service (ACAS) was yesterday brought into the pay dispute which for two weeks has halted production at the Alvis military vehicles factory.

More than 1,000 workers have been laid off at the Coventry plant—part of BL—because of a strike by 88 production line inspectors over a differential claim. All production of the factory's Scorpion light tank and armoured vehicles range has been stopped.

Mr. Alan Robb, the company's manufacturing director said yesterday's talks involving union officials, management and the arbitration service were exploratory but the outlook was hopeful.

The hourly-paid inspectors, members of the Amalgamated Union of Engineering Workers and the National Union of Sheet Metal Workers have put in a substantial pay claim to rectify eroded differentials.

Alvis management is apparently sympathetic to the inspectors' claim and has suggested the possibility of applying to make them a special case.

## Unions recommend end to Daily Record strike

BY PAULINE CLARK, LABOUR STAFF

HOPES FOR a return to work this weekend by strikers on Scotland's Daily Record and Sunday Mail rose yesterday when union leaders agreed to recommend an end to action while management investigates pay and conditions on the papers.

The TUC printing industries committee told Mirror Group management they would propose an end to action at a meeting of the strikers federated chapel (union branch) today. If the recommendation is accepted, the Sunday Mail should resume publication this weekend, although the return of the Daily Record would not be expected until next week.

The workers, including printers and journalists, have been demanding parity with their London colleagues but money was not included in the agreement. Instead, management offered to review pay, and if it found that increases were justified, pay then next July on the annual settlement date.

The dispute is of major importance in Glasgow. It has cost Mirror Group newspapers £750,000.

For the past two weeks, the Daily Record, Scottish sister of the Daily Mirror, and its stablemate, the Sunday Mail, failed to appear because of a stoppage involving all but a handful of the 900 employees.

The two papers have between them lost 8m copies, bringing their total loss this year to about

14m because of some 25 unofficial disputes. The Record and Mail are some of the most profitable papers in the Mirror Group. They turn in jointly £2.5m pre-tax last year—more than a quarter of the group's total.

But their dominance in the popular tabloid market in Scotland is about to be challenged. The new Express group tabloid, the Daily Star, aimed at the popular market in the north of England and Scotland is to be launched from Manchester next week and The Sun's plans to print in Glasgow are well advanced.

The dispute is over the differential of up to £80 a week, between the pay of newspaper production workers in provincial centres like Glasgow and their opposite numbers in London. Discontent was fuelled by a television programme last year which highlighted the size of pay packets being taken home by Mirror Group workers in Fleet Street and the talks in progress on new printing technology.

An unofficial claim formulated by the unions represented in the Record and Mail building at Anderson Quay, Glasgow, was interpreted by the management as a demand for parity, and able to say Mr. Fred Smith of the Scottish graphical division of which stopped the Sunday Mail. Segat.

The unions are doing their best to get their people back to work on terms that are acceptable. Although they are unwilling to say the claim is not supported, they have told their members they would have preferred it to be negotiated through official procedures. This will be recommended by the unions today.

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## Social workers agree study on pay proposal

BY PAULINE CLARK

SOCIAL WORKERS have agreed on plans to explore a new proposal for determining their pay. The move represents the first big step towards a solution to the rapidly spreading strike.

About 1,800 social workers have been on strike in Newcastle-upon-Tyne and two large London boroughs for about two months, believing it has achieved a significant concession to its demand for a devolution of responsibilities.

The social workers are demanding local bargaining rights to improve recognition of their workload and responsibilities, while room for some local flexibility is included in the new pay grading proposals. However, action is unlikely to be called off until a fully worked out national scheme is adopted.

As a first step, NALGO and local authority employers' representatives will set up a working party to study plans for settling pay parameters at national level. These would be the framework for local bargaining.

If the scheme is accepted, local authorities and their employees will be able to determine levels of pay according to the social needs of each area.

At present, there is little flexibility with pay for qualified social workers being set by national agreement at between £3,650 and £4,385.

The local authority employers have been anxious to retain a national agreement on pay to prevent conflict between different areas. But the union believes it has achieved a significant concession to its demand for a devolution of responsibilities.

The motion also called for jobs to be provided for school leavers, and reduction of the retirement age to 60.

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## Call for action to cut jobless

SCOTTISH transport workers yesterday demanded an immediate 35-hour working week and stricter control of overtime working to curb unemployment.

The Transport and General Workers' Union Scottish Delegates conference voted unanimously for a motion expressing concern at the growth of unemployment in Scotland, and urged the Government to take realistic measures to reduce the level in the UK.

The motion also called for jobs to be provided for school leavers, and reduction of the retirement age to 60.

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## Stop factory opening, says union

UNION OFFICIALS representing 10,000 steel workers want the Government to stop a new factory opening because they say it would threaten the jobs of their members.

Natural Gas Tubes are planning to open a new plant in South Wales which would compete directly with the British Steel Corporation's tubes division at Corby, Northants.

Nearly £50m is being spent on extending the tubes division at Corby, and there are fears that the proposed plant in South Wales will hit BSC orders.

Mr. Bill Homewood, full-time union official of the Iron and Steel Trades Confederation, said: "With the demand at Corby remaining fairly static over the next few years, competition could eventually lead to lay-offs among our Corby Leicestershire, is to close two factories in Nottingham and Irvine New Town, Scotland, with a total of 230 redundancies."

We are now seeking talks with Industry Minister, Mr. Gerald Kaufman, in a bid to stop the plant in South Wales from opening.

## Miners protest over pay cut

PRODUCTION stopped at Linby Colliery near Hucknall, Nottinghamshire, yesterday, when 400 men refused to go underground in a protest over bonus payments.

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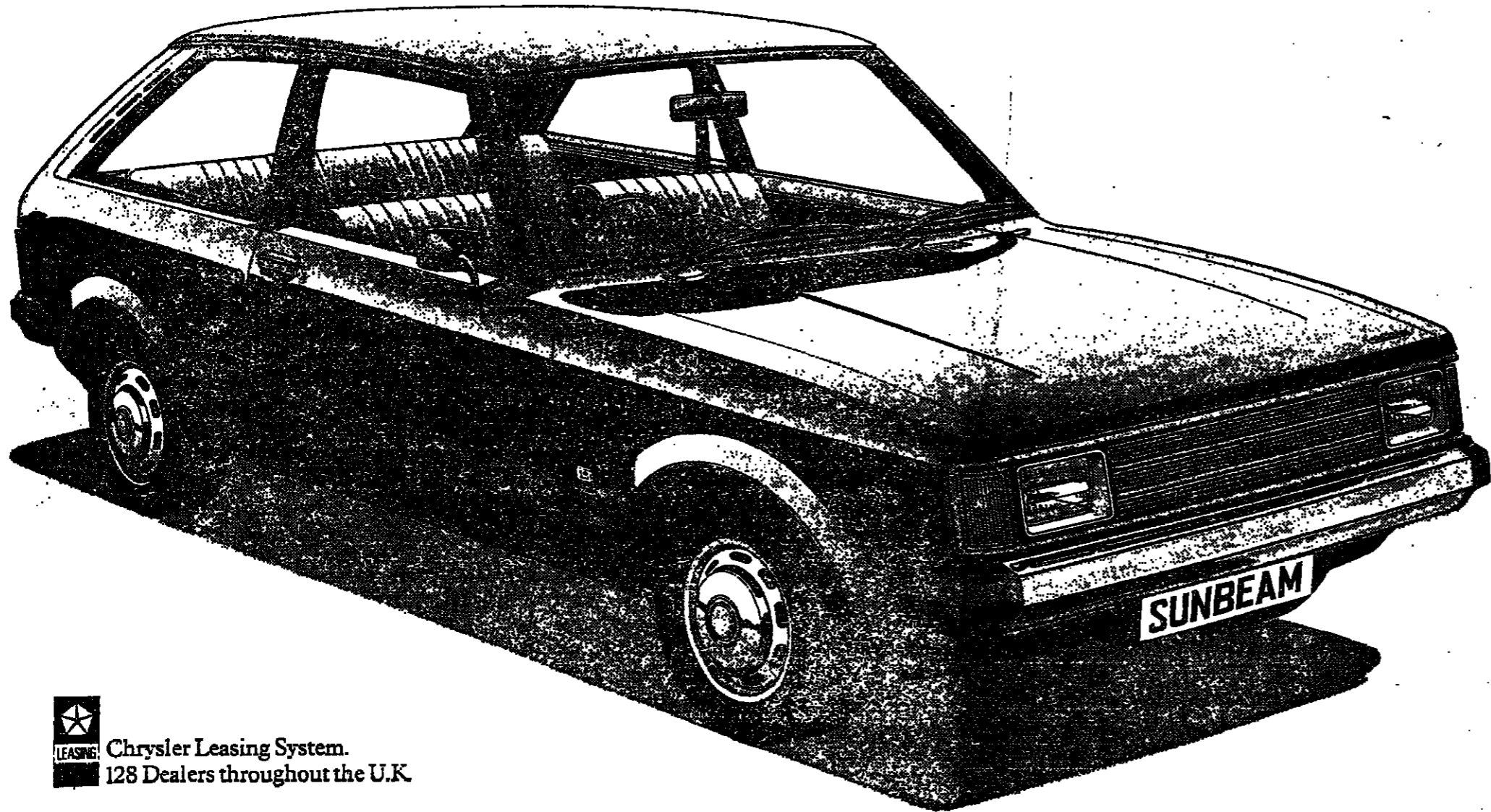
## For the tenth year running, Tupperware choose Chrysler.

Tupperware, the largest single make fleet in the U.K. have renewed their contract with Chrysler for the tenth year running.

They've just placed an order for 1,500 Sunbeams.

Stewart Brodie, Managing Director of Tupperware said: "We have chosen Sunbeam again because during 1978, it proved to be reliable and attractive—in fact, the ideal car for the Tupperware manager."

Chrysler Sunbeam. The biggest little car in the world.



Chrysler Leasing System.  
128 Dealers throughout the U.K.



## Your NatWest bank manager will help you export where you haven't exported before.

If you're left speechless at the prospect of exporting to unfamiliar places, go and see your local NatWest bank manager.

You'll find he speaks your language — and theirs. For specialist problems, he'll call in our experts from NatWest International and Credit Factoring International.

Between them, they know everything you need to know to export successfully.

They'll look after all your foreign currency

problems, sort out forward exchange contracts, arrange any international factoring you may require, and advise you on local customs. Your local NatWest bank manager is only too willing to become your personal financial ambassador.

All you have to do is go in and ask him.

**Just ask him.**



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## AGRICULTURE

### Spray costs could be halved

ANYONE WHO sprays his roses or anything else in the garden will know that it is not easy to get good coverage on the leaves and at the same time prevent wastage of the sprayed chemical.

The problem is one of getting fine droplets and then making them go only where required, and it may have been solved on a practical basis with equipment developed at Sheffield University and recently tested at the Rothamsted Experimental Station in Hertfordshire. The project has been backed by the National Research and Development Corporation (NRDC).

In the tests, using only a twentieth of the liquid used by a normal crop sprayer, deposits of insecticide on beet crop were nevertheless increased by 55 per cent.

The system uses direct charging of the complete tank of fluid, with extensive insulation. The fluid is then fed to a pair of rotary atomisers, centrifugal force producing droplets, already charged, of about 50 microns diameter.

The 70 mm atomisers are about one metre apart on a tractor-mounted spray boom and the significant point about the fine mist produced is that on settling towards the ground it is first electrostatically attracted to the leaves of the crop, including their undersides.

Three different crops were studied—barley, field beans and sugar beet. In all cases there

was a substantial increase in the deposit of chemicals on the underside of the leaves, but little increase in leaf-edge deposit (an effect usually ascribed to electrostatic spraying due to "charge at a point" effects, and which would waste the chemicals).

A further advantage is that the mist does not drift away so much in the wind. Improved performance was maintained in winds gusting up to 15 mph and measurements taken over bare soil indicated that the charged spray reached the soil no farther than two metres downwind from the nozzle, substantially reducing environmental pollution through spray drift.

Overall, it is estimated at Rothamsted that farmers using the equipment might be able to save up to half their costs on spray chemicals.

A possible objection from the farming community might be the use of voltages at 60 kV, although nowadays such equipment can be made quite safe. Equipment costs are not yet known, although the system is bound to be a good deal more expensive than a conventional sprayer.

NRDC is now looking for a commercial organisation to manufacture and market the equipment, possibly with joint funding by the Corporation. More from Mr. P. Thompson, NRDC, Kingsgate House, 66 Victoria Street, London SW1E 6SL (01-828 3400).

GEOFFREY CHARLISH

## AUTOMATION

### Strip mill agreement

ASEA has signed an agreement with Estel Technical Services B.V., IJmuiden, the Netherlands, an affiliate company of Hoogovens IJmuiden B.V., on hot strip mill automation. Under the terms of this agreement, ASEA will be able to utilise process control know-how developed by Hoogovens in its electrical equipment and control systems for hot strip mills.

The electronic systems for hot strip mill automation incorporate ASEA's DS 100 series process computers, DS 8 microprocessor systems and ASEA-PLC 700 programmable logic controllers. This integrated system can give superior measuring and control accuracy.

Process control software incorporates Hoogovens know-how and ASEA can now offer full computerisation of hot strip mills including control of reheating furnaces and the complete temperature distribution during rolling; roughing mill automation; finishing mill automation including finishing set-up; shape control; and coil temperature control including finishing temperature set-up and control.

ASEA's co-operation with Estel also enables technical and economic pre-studies to be made of different layouts for new hot strip mills or the revamping of old ones.

The ASEA Group, Villiers House, 4 Strand, London, WC2E 6JX (01-530 5411).

## PACKAGING

### Sealing without heat

PACKAGING films, such as cellulose and polypropylene, have been traditionally sealed by a combination of heat and pressure with some resultant damage to heat-sensitive products, says Pakcel Convertors, Lancots Lane, St. Helens, Merseyside WA9 3ET (0744 20221).

Now available is a printed film which incorporates a cold sealing method by the flexographic process.

Up till now, cold sealing films being used for food packaging were printed by the gravure process but, in this new development, cold seal lacquer is applied by the flexo process in register with up to five flexo print colours. Cold sealing involves applying a latex adhesive to the reverse side of the film as part of the printing process and it has taken the company over a year to develop the complex technology involved.

One of the greatest problems to be overcome was the automatic register control required to line-up the cold seal pattern on cellulose film which shrinks during printing, and polypropylene film which expands during printing.

Although initial packaging costs of cold seal film are slightly increased by a unit price of around ten to twenty per cent, says the company, this should be offset by subsequent savings due to less material waste, fewer damaged products (especially in the chocolate coated lines), faster running speeds and less maintenance of packaging machinery, because it is the heater controls which inevitably cause problems.

One of the most significant savings is the lower capital cost of packaging plant. A horizontal form, fill and seal packaging line, built specifically for cold sealing is said to cost only three quarters of the price of the same machine equipped with heaters and ancillary temperature control equipment.

## Automatic labeller

A TOUCH-LABELLER with a built-in microprocessor to simplify maintenance (the complete control-circuitry can be replaced within seconds while allowing the machine to control a variety of optional accessories at no extra cost, or to fit readily into automated production sequences) has been put on the market by Helix, 545 Ipswich Road, Slough SL1 4EN (0753 32212).

Designed as a low-cost automatic labeller, the Bulldog is of simple, strong construction for low and medium speed production lines. Frame and body are heavy-duty aluminium castings, and a mobile T-stand with quick-locking castors allows the

machine to be wheeled into position on the line and made firm there.

Labels will be accepted up to 102mm wide on label-reels up to 215mm diameter and attachments can increase the maximum width to 152mm. A photocell detects the gaps between labels and a photocell, microswitch or air switch senses the arrival of products.

Optional printing attachments include rotary ink coder, dry-ribbon ink coder, hot-foil coder and single-line electronic over-printer. An extra accessory is a solenoid-operated peeler-arm whose descent can be delayed by the microprocessor until the centre of a large product lies beneath the label.

## PRINTING

### Big six-colour press

THE BIGGEST and fastest six-colour web offset printing press built by Chambon is now in operation in 'United Paper Mills' operation in Simpele, Finland. It has a web width of 1,270 mm and maximum printing width is 1,250 mm. Its plate and blanket

carriages, the machine has a top running speed of 250 metres a minute. This speed would not head crane or (as is the case at normally be used and, says Simpele) a specially-designed Chambon, would suggest an operational speed of 200 metres. However, production speeds of 250 metres a minute have already been achieved with no changeover in only two hours.

loss of print quality. Board weights from 200 to 500 grams per sq metre have been used. The machine will accommodate a web width of 1,270 mm and maximum printing width is 1,250 mm. Its plate and blanket

## COMPONENTS

### Multi-role valve

A THREE function switching valve for use in oil-fired burner installations can according to the Bifold Company of Wigan, produce substantial economies in installation costs since it replaces the three or more separate valves normally used.

Known as the Trifecta valve it can be supplied with any actuator, pneumatic or electric that is capable of three position operation. The actuator will be pre-set to accept three discrete signals denoting fully sealed, purge and atomisation/firing.

By eliminating the need for two additional valves in each installation, significant economies can be obtained in burner logic control, pipework and electrical work.

Standard pressure rating of the valve is 300 psi at 250 deg C, but customer requirements for higher ratings can be considered. A notable advantage of the valve is avoidance of contamination of steam by oil when operated at the rated pressures.

More from the company at Leyland Mill Lane, Wigan WN1 2SA (0942 41255).

## Small but strong

A RANGE of miniature, stainless steel cables and cable assemblies for light mechanical movements, such as typewriter carriages, xy plotters, dental equipment, etc., has been introduced by Bristol Controls, Diplocks Way, Hailsham, Sussex BN27 3TF (0323 84510).

Called Bristow-Flex, the cables are suggested as replacements for rods, solid wire, cords, gears, levers and chains.

They are supplied in a range of diameters from 0.15 to 1.25mm with nominal breaking strengths from 5 to 175 lbf (2.2 to 790 Newtons) and are offered in bare or nylon coated form.

Nylon coating is said to further improve the substantial flex life, reduce pulley wear and offers protection in hostile environments. Other coatings, such as pte and pvc, are available to order.

## MATERIALS

### Kills the grime

THE REMOVAL of particularly obstinate grime should be swift and immediately effective in order that there is a minimum of disruption to production in working areas, and promising to meet these requirements is an

## INSTRUMENTS

### Pocket-size multimeter

AVAILABLE FROM Havant Instruments is the Triplett Model 310 multirange meter which has many of the facilities of a bench mounted unit but can be held in one hand or carried in the pocket.

The impact resistant case houses a robust high torque 50 microamp movement with diode overload protection and resiliently mounted jewelled bearings.

Easy access is provided to the battery and fuse.

Five DC and five AC voltage ranges are offered up to 1200 V and resistance is covered in four ranges to 20 megohms. The single DC microampere scale reads up to 500 while DC milliamperes are measured in three ranges to 600.

Using an optional clamp-on AC ammeter attachment, measurements may be made up to 200 amps. A current transformer principle is used so that the measured circuit does not have to be broken into.

More about the unit, which is made in the U.S. from the company at Unit 3, Westfields, Horn-dean, Hants.

## HANDLING

### Mechanical shovels

EXTRA PERFORMANCE and endurance features normally found only on larger models have been incorporated in the smallest of three machines added to the Yale range of rubber-tired loading shovels, says distributor John Holt Equipment, Clinder Lane, Castleford, West Yorkshire, WF10 1LS.

Broadening the range at both ends, the machines have capacities of 11 cubic yards, six cubic yards and 71 cubic yards. The company reached an agreement with the manufacturer of the machines, Eaton Corporation, earlier this year to distribute the range in North Wales, the Midlands and the North of England.

## COMMUNICATIONS

### Types over the phone

A TYPEWRITER terminal which can be connected via an acoustic coupler and a telephone instrument to a similar device at the other end of the phone-line has been introduced by Bohemagraphics, a Swiss company, and is available in the UK from Shefra Graphics.

Known as the Scrib Tele-reporter the device is being aimed at journalists throughout Europe but can also be seen, the company says, as an alternative to Telex by the business community at large.

**Control for industry**

**THORN AUTOMATION**

Rugby, Staffs, England

Weighting 8.5 kg (18 lb) and no bigger than an electric typewriter, the device has keyboard, a seven inch screen which can show 18 lines of 64 characters, a mini-printer, and a storage working in conjunction with a miniature magnetic tape cassette, an associated acoustic coupler, connects it to the telephone instrument.

Text is fast typed, and immediately stored in an 11,000 character semiconductor store, divisible into ten files which can be mixed as required.

Correction/editing can then be carried out on the screen; upper and lower case, bold and other characters can be provided.

Messages up to 11,000 characters can be held in time or longer messages can be committed to the cassette for later transmission; sending speed is up to 30 characters/sec—about six times as fast as Telex.

Scrib can be powered from the mains, from a car battery or from its own rechargeable cells and so can be used almost anywhere, a phone being needed only for the final transmission.

Shefra Graphics is at 263 Farnham Road, Slough, Bucks (Slough 38779).

## SAFETY

### Picks up the scrap

THE FIFTY miles of hard shoulder of the M4 motorway west of the Severn Bridge are inevitably strewn with nuts, bolts and bits of metal that fall from vehicles.

The maintenance of the motorway and regular collection of this deposited scrap is the responsibility of the highway department of Gwent County Council which is now using a five feet wide magnet from Eriks Magnetics UK, Windsor Industrial Estate, Crowtham, Mid Glamorgan, Wales, CF8 3ED (0223 885501).

The magnet, carried on a quick-release custom-built frame, attached to the bucket of a standard International 440 Series tractor, picks up all the small ferrous items which would otherwise cause a potential hazard to tyres.

As no maintenance is needed, the running costs of the magnet are nil, and no other capital equipment is required when the magnet is not in use in the yard when the tractor is required for other duties.

## Adamson Butterley 200 years in Telford and still growing.



Adamson Butterley's Telford plant was founded in 1775, in the same century that the Industrial Revolution began close by in Coalbrookdale. At the time the plant's location was simply described as Horsehay, Shropshire, and for many years the company was known as The Horsehay Company.

Much of the world's first iron fabrication and construction was carried out in the Telford area. Adamson Butterley's predecessors cast sections for the world's first iron bridge, situated nearby in the Ironbridge Gorge, so it is hardly surprising that for many years The Horsehay Company specialised in the manufacture of bridges and heavy fabricated structures.

Now the company, part of the powerful Norcross Group, is world renowned for the design and manufacture of specialised heavy cranes, ship unloaders, material handling equipment, bridges, mining equipment, and water control equipment. The steady growth in Telford over the years has

been particularly strong since 1967 when considerable expansion and investment began. The company—recently renamed Adamson Butterley—now employs the most advanced techniques and a large skilled workforce at Telford to maintain its lead in its various product markets.

Telford Development Corporation can hardly claim to have tempted Adamson Butterley to Telford—but the company's continued expansion and investment in the area underlines Telford's viability as a place to do business successfully.

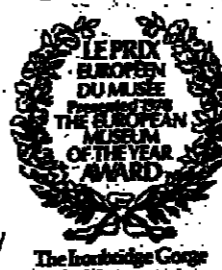
Joe Matthews, Commercial Director of Adamson Butterley, says "We've plenty of confidence in the future—both in our own business and in Telford. We're well situated, both for the U.K. and our many overseas markets. There's an excellent workforce, and plenty of room for expansion. And people seem to enjoy living in Telford. I'd certainly recommend anyone thinking



about a business move to look more closely at Telford."

Telford's advantages are easy to summarise—the right factories, the right people, at the right time and in the right place. If you're thinking of moving, expanding, or just opening—think Telford.

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The world's first iron bridge, built 1779.

The world's first iron bridge, built 1779.

The world's first iron bridge, built 1779.

Financial Times Friday October 27 1978

APPOINTMENTS

# Senior changes at Sun Life

Mr. J. D. Webster, at present accounting development manager of the SUN LIFE ASSURANCE SOCIETY, is for 12 years. In addition, Dr. Webster, who has been in the company since 1966, has been appointed assistant director of the company from British Gas on-line inspection member 1. At the same time centre at Cranlington, near Newcastle-upon-Tyne. A further appointment is that of Mr. N. A. le of secretary and legal manager, Mr. M. Carlsle, who is director at the BG Engineering Research Station in Killingworth. Mr. Webster, who is assistant to the deputy general manager, will be pointed to the executive as senior controller, and Mr. J. A. ad, assistant personnel executive, will move to the executive personnel executive.

Hepworth Ceramic Holdings has pointed Mr. G. M. Marden, Mr. Smith and Mr. M. R. Wall to a board of HEPWORTH ASTICS, a divisional holding company.

Mr. A. S. Dunstan has been appointed director of MUTUAL ACCEPTANCE, an Australian subsidiary of Standard Chartered Bank. Mr. Dunstan is chairman of rebos (Australia) and of Emeruka Pty, and is a director of Dalgety Australia. His appointment fills the vacancy on the board caused by the retirement of Mr. F. M. D. Jackett, deputy chairman.

Two board appointments have been made within the WARD HITE GROUP'S distribution division from October 30. Mr. Ian James is to join Britton of as merchandise director. He moves to that company from Asian Warehouses. Mr. Syd after will become sales director. John White Branded Footwear, previously been with the Graham Ferrers, Northants, company.

Mr. David Wright has been pointed to the newly created position of marketing director of UNNING TOWN GLASS, the new division of the Arthur Bell group. He was previously with associated British Maltsters.

Mr. F. G. Flood, formerly deputy chairman and chief executive of BPB INDUSTRIES, has been appointed chairman in place of Mr. N. M. Barrow, who is to retire from the Board and from the company at the end of this month. Mr. A. G. Turner, deputy chief executive, becomes chief executive in place of Mr. Flood.

Mr. M. S. H. Mitchell has been appointed head of computing services at BRITISH GAS headquarters in London. He had previously held the post of customer

Mr. Richard Eutcher has been appointed managing director of GELLATLY SHIPPING UK in addition to his position as chief executive of Gellatly Shipping International. Mr. Hans Andersen joins the UK concern as commercial director. Mr. David Clarke has been made financial director of that company and he continues as group financial controller of Gellatly Hankey and Co. The following group executives also join the Board of Gellatly Shipping UK: Mr. J. M. R. Butters, Mr. F. H. Starnes and Mr. C. A. H. Wood. Mr. J. W. Turner is secretary.

Mr. D. Knight has been appointed a director, and Mr. N. Miller, assistant director, of GLANVILLE ENTHOVEN (MARINE).

Mr. John A. Leaver has been appointed sales director of MURLEES PUMPS, a division of the Plenty Group.

Mr. Mervyn F. Frisby and Mr. Maudslayi Lauder have been appointed directors of CEAS. P. THACKRAY.

Mr. W. A. C. Thomson is joining the Board of the BEN LINE STEAMERS from November 1. He has been with the group since 1970.

Mr. Cedric Hopkins has been appointed chairman and managing director of MAT TRANSPORT (MIDDLE EAST). Mr. Hopkins joined the MAT Transport International Group at the beginning of September this year. He is also chief executive and managing director of MAT Transafrica, group administrative services director, and on the executive Board for the MAT Group.

The BARR SOFT DRINKS GROUP has been re-structured into three divisions—Bottled Soft Drinks (Scotland), Bottled Soft Drinks (England) and Wholesale. Controllers appointed: head of these divisions, respectively, are Mr. James Provan, Mr. Douglas Clark and Mr. Harold Cowburn.

Sometimes, renting cars seems to be the last thing we do. Take the time a man arrived in a panic at Heathrow to return his Avis car. Not only was he late for his flight, but he also had to arrange transport for his dog. That's when Avis girl Kay Honey took control. They leapt back into his car, and she drove him round to the animal freight section, made all the necessary arrangements, then came back to check in the car. Both he and the dog made the plane by a whisker. It isn't just for the service that people come to Avis. There are our cars. Most are spanking new, few more than nine months old. There's our one-way rental service. You pick up a car, and drop it at any one of nearly 70 offices in the U.K. At Avis, we really do try harder.



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Vauxhall Cavalier  
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## GALERIE KOLLER

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IMPORTANT AUCTION SALES  
November 23rd through December 9th, 1978



GIORGIO DE CHIRICO, 1933  
Oil on canvas, 115 x 88 cm

The property of various owners, including:  
The estate of an important Zurich collector  
Princely meubles from a "hôtel particulier français"  
Important collection of Gothic and Renaissance sculpture.  
Important paintings:  
Chaplin, de Chirico, Corot, Degas, Derain, Dufy, Hôfer, Janssens, Jaworsky, Klee, Léger, Lohman, Manet, Matisse, Miró, Picasso, de Pisis, Pollock, Portmann, Renoir, Rodin, Schwitters, Schreyer, Spitzweg, Utrillo, Van Gogh, Vlaminck, Warhol, etc.  
J. G. de Chirico, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 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# The Property Market

BY JOHN BRENNAN

## Looking into the 1980s

THE HENLEY Centre for Forecasting, and Hillier Parker May and Rowden's research department both expect a continued sharp rise in shop rents over the next year. And in a five year forecast looking at every sector of the property market the Henley Centre predicts a continued recovery in rents and capital values into the 1980s.

Last July Dr. Russell Schiller, head of Hillier Parker's research team, published his first, controversially bullish forecast of shop rents. At the time his prediction of an explosive rise in rents was treated with some caution. But he was proved correct.

Today Dr. Schiller publishes a revised forecast, incorporating the effects of recent shop openings and updated views of retail spending. He concludes that shop rents are passing through a period of exceptional growth at the moment, a growth rate that cannot be sustained into 1979. Nevertheless, he believes that between May 1977 and May 1980 shop rents will have risen by between 28 per cent and 40 per cent, enough to take rents in real terms back to levels seen at the height of the last property boom in 1973.

Looking at retail demand, Hillier Parker picks out a clear relationship between sales and shop rents. Both retail sales volume and shop rents reversed their earlier decline in the second half of 1977, and the growth rate of both indices accelerated in the first half of 1978. Rental levels appear to react twice as fast as changes in sales volume, and there is

very little time lag in this reaction. Using the Investors Chronicle/Hillier Parker rent index Dr. Schiller notes that shop rents fell by 7.5 per cent in the first half of 1977. In a period when retail sales fell by 3.8 per cent in the subsequent two six-month periods sales rose by 3.7 and 7.2 per cent while rents increased by 7.2 and 12.6 per cent. It remains to be seen whether this relationship between rents and sales proves to be a reliable long-term indicator.

Dr. Schiller doubts if new shop openings will rise above 1.5m sq ft a year in 1979 and 1980 (1m sq ft less than his forecast for 1978). But developments in the pipeline suggest new openings of between 2.5m and 3.5m sq ft in the early 1980s. He is cautious about reading too much into the relationship between the rate of new openings and rental performance, but the figures do provide support for the overall forecast of, at worst, a 28 per cent rental rise by 1980. As that lower range forecast would do no more than bring inflation-adjusted rents back in line with 1973 levels, Dr. Schiller warns that the predictions might better be seen as signs of a recovery rather than pointers to another boom.

The Henley Centre takes a wider and longer look at the property market in its latest quarterly investment review published this week. But it reacts twice as fast as changes in sales volume, and there is

confidence about shop rental growth, but the predictions might better be seen as signs of a recovery rather than pointers to another boom.



Landis and Gyr's 133,000 sq ft freehold factory and office building opposite the North Acton tube station in Victoria Road, Park Royal, W3 is now on the market at £1m. The electricity meter manufacturers are moving to a new 150,000 sq ft factory across the road from the seven storey block next year. Richard Ellis is selling the building with informal agreement from the London Borough of Ealing for either refurbishment—to create 90,000 sq ft of factory space and 30,000 sq ft of offices—or complete redevelopment of the 1.3 acre site, creating around 30,000 sq ft of single storey factory accommodation with ancillary office space.

generally lower interest rates, and partly under the weight of institutional funds directed to the property market.

Industrial property's particular appeal to small and medium sized funds is expected to ensure that the sector retains the lower yield differential compared to other types of property that it has acquired in the past few years. Taking current buying yields at 7.5 per cent for industrial and 6 per cent for shops and offices, the Centre predicts consolidation at these levels in the years to 1983. It expects industrial yields to ease to 7 per cent in 1983, after a temporary dip to 6.5 per cent in 1981. Office yields are expected to fall by 1 per cent to 6.4 per cent in 1981, and to 5.9 per cent in 1982. But over the next five years its forecasts suggest rent increases adding a third to 1978 levels.

Purchasing yields on all three types of commercial property are expected to fall in the years reviewed, partially as a result of

## Laing times two

JOHN LAING'S Scheme of Arrangement, which splits the group into separately quoted property and construction companies, becomes effective today. Before dealing start in the shares of John Laing Limited and Laing Properties on Monday, stockbrokers Rowe and Pitman, Hurst-Brown and J. and H. Scrimgeour have taken their respective microscopes to the new companies. Both like what they see.

At a 35 per cent discount to its reported net assets Laing Properties' shares should open at 120p on Monday. Rowe and Pitman expects an opening price of around 125p giving the company an initial market capitalisation of £67m, the seventh largest in the sector on a par with Stock Conversion and Percy Bilton. As a close company 65 per cent con-

The brokers analyse the reversions within Laing's £82.3m investment properties, most of which fall due in the early 1980s. And they agree that as a separate operation able to accept a higher level of gearing (loans are just 17.3 per cent of total assets) it will in future be able to retain more of its development programme now held in the books at its £30.2m cost.

## IN BRIEF

**PRUDENTIAL PENSIONS.** Earlier this year Taylor Rose, property adviser to the British Hotels, Restaurants and Caterers Association, was asked to look for a 75 to 200 bedroom hotel in London by the Wellington/Mornington Hotel Group of Stockholm. The agents trawled the property available lists and approached dozens of hotel owners, most of whom were fully aware of the scarcity value of their property and who either refused to sell, or asked what TR and its Scandinavian client regarded as prohibitive prices.

In the end, TR had to work its way through the list of hotels making direct approaches to owners and asking if they had considered selling. This direct approach has now paid off. The private companies that owned the 75 room Ambassador Hotel in Lancaster Gate have accepted a £800,000 offer for their building, a purchase price of £12,000 a room.

Wellington/Mornington will have to find a couple of thousand a room modernising the Ambassador and bringing it up to a standard to meet Fire Certificate regulations. But it expects to have completed work by the next tourist season in the summer. The Ambassador sale is only the most recent publicity recorded London hotel deal, just the tip of an iceberg of trading business in what has become one of the most competitive areas of the capital's property market.

AGENTS are running out of superlatives to describe the market for hotels in London. As the tourist season gets longer, and hotel occupancy levels rise, investors have been drawn into one of the very few areas of the economy that tends to be helped by political and economic problems. Short of political violence, any internal problems that hit the world value of sterling also help to boost the influx of

Property Deals appears on Page 14

# INDUSTRIAL AND BUSINESS'S PROPERTY

## K for Industry

### BRIGHTON

Only 3 Units Remaining  
From 10,200 sq. ft.

### CAMBERLEY

10,000 sq. ft. Warehouse  
TO LET—IMMEDIATE OCCUPATION

### CENTRAL BIRMINGHAM

25,000/30,000 sq. ft.  
Prestige Warehouse/Factory  
Unit to be erected  
TO LET

### LONDON, E.6

Refurbished Single Storey Factory  
5,000 sq. ft.  
TO LET—IMMEDIATE POSSESSION

### SMITHFIELD, E.C.1

Wholesale/Retail Premises  
6,120 sq. ft.  
Part on Lease Remainder Freehold  
Price £25,000

### STAINES, Nr. Airport

Modern Warehouse & Offices  
4,000 sq. ft.  
TO LET  
IMMEDIATE AVAILABILITY

### SWINDON

21,000 sq. ft. Warehouse  
TO LET—IMMEDIATE OCCUPATION

### WATFORD

New Warehouse Unit  
34,083 sq. ft.  
IMMEDIATE OCCUPATION—TO LET

## King & Co

Chartered Surveyors  
1 Snow Hill, London, EC1  
01-236 3000 Telex 885485  
Manchester, Leeds and Brussels

## Chestertons City Offices

9 Wood Street, Cheapside, EC2V 7AR 01-606 3055

### E.C.4

Self-contained,  
modernised office building  
close to St. Paul's

Ideal for Bank  
or Building Society.

Approx. 12,000 Sq. Ft.

Chestertons Chartered Surveyors  
Office property

## CENTRAL WEST YORKSHIRE

Valuable freehold industrial property, approximately 120,000 sq. ft. in 4.8 acres of land. Considerable main road frontage and car parking area with close proximity to M62 and M1 Motorways and vital trunk roads serving Central West Yorkshire. makes this outstanding corner location with useful planning permissions suitable for a variety of uses. Introducing Agents can be retained.

Full details from  
Messrs. Holroyd Sons & Pickersgill  
Chartered Surveyors  
Church Street, Dewsbury, West Yorkshire.  
Tel: Dewsbury 465611/2

## 01-930 9731 Offices To Let

EC2	7,000 sq.ft.
SW1	3,360 sq.ft.
WC2	6,000 sq.ft.
WC1	925 sq.ft.
WC1	800 sq.ft.

### Clients' requirements

400-1,000 sq.ft.	Retail West End
500-2,000 sq.ft.	Office Central London
2,000-3,500 sq.ft.	Office St. James's
3,500-6,000 sq.ft.	Office Covent Garden
8,000-10,000 sq.ft.	Office West End

**DRIVERS JONAS**  
18 Pall Mall, London SW1Y 5NF

## WATFORD COLONIAL WAY NEW WAREHOUSE 31,500 SQ. FT. TO LET COMPLETION DECEMBER 1978

Parris Bird & Partners Connells Commercial  
42 Hertford Street London W1 62 Grosvenor Street London W1  
01-491 2959 01-493 4932  
Y LESSER Lesser Land Limited 6 The Parade, High St., Watford  
Herts. Tel: 92 49969

## Freehold Investments For Sale

### Freehold Investment

Close West End & City  
Modern Headquarters Building  
with Self Contained Offices  
Producing **£45,000 p.a.**  
excl. on FR & L Lease Substantial Tenant

### Office Investment London EC.1.

Producing **£39,000 p.a. approx.**  
FR & L LEASE 5 YEAR RENT REVIEWS

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Blue Chip Tenant  
Producing **£13,750 p.a.**  
FR & L LEASE 5 YEAR RENT REVIEWS

For further details sole agent

Charles Price & Company 01-493 2222  
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New Self-Contained Office Building

## FREEHOLD FOR SALE

with the benefit of vacant possession

**4,765 sq. ft.**

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London EC2V 8EE  
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Telex: 885557

### CENTRAL LONDON

TENANT REQUIRED  
TO SUPPORT O.D.P.  
28,500 SQ. FT.  
CENTRAL LONDON  
MANY BENEFITS  
Write Box 744, Financial Times  
10 Cannon Street, EC4P 4BY

## REDDITCH IS ON THE UP AND UP

- FACT: 350 new companies have chosen Redditch as their base.
- FACT: GKN; SERCK; BRITISH LEYLAND; HALFORDS; AVON MEDICALS; CHLORIDE ALCAD; MARUBENI-KOMATSU (Japan)
- FACT: Large office developments in parkland settings now under construction.
- FACT: Over 50 miles of new roads provide quick easy access to all parts.



## Redditch

Details from: Norman More FRICS, Chief Estates Officer,  
Redditch Development Corporation,  
"Holtwood", Plymouth Road North, Redditch, Worcs. B97 4PD  
Telephone: Redditch 64200

هكذا من الأهل

# ROUND ABOUT

# 23

For around about  
£5 per sq.ft.

5 minutes from Central Croydon  
40,000 square feet of modern offices

To Let

Harold Williams Bennett

& Partners, Chartered Surveyors,  
90 Park Lane, Croydon CR9 2NL  
Telephone: 01-686 3141

Richard Ellis

Chartered Surveyors  
6-10 Bruton Street  
London W1X 8DU  
Telephone: 01-491 7151

## PRIVATE ISLAND

(FOR SALE BY OWNER)

### East Coast

(Southern Tip Nova Scotia)  
221 ACRES SURVEYED  
SAND SURF

1,200 feet off Mainland.  
3 miles of sheltered beaches.  
Excellent swimming—warmest salt  
water north of Florida.  
Formerly supported three farms.

\$2,500,000

Write Box T4974

Financial Times

10 Cannon Street, EC4P 4BY

## PRIME FREEHOLD RESIDENTIAL BUILDING LAND

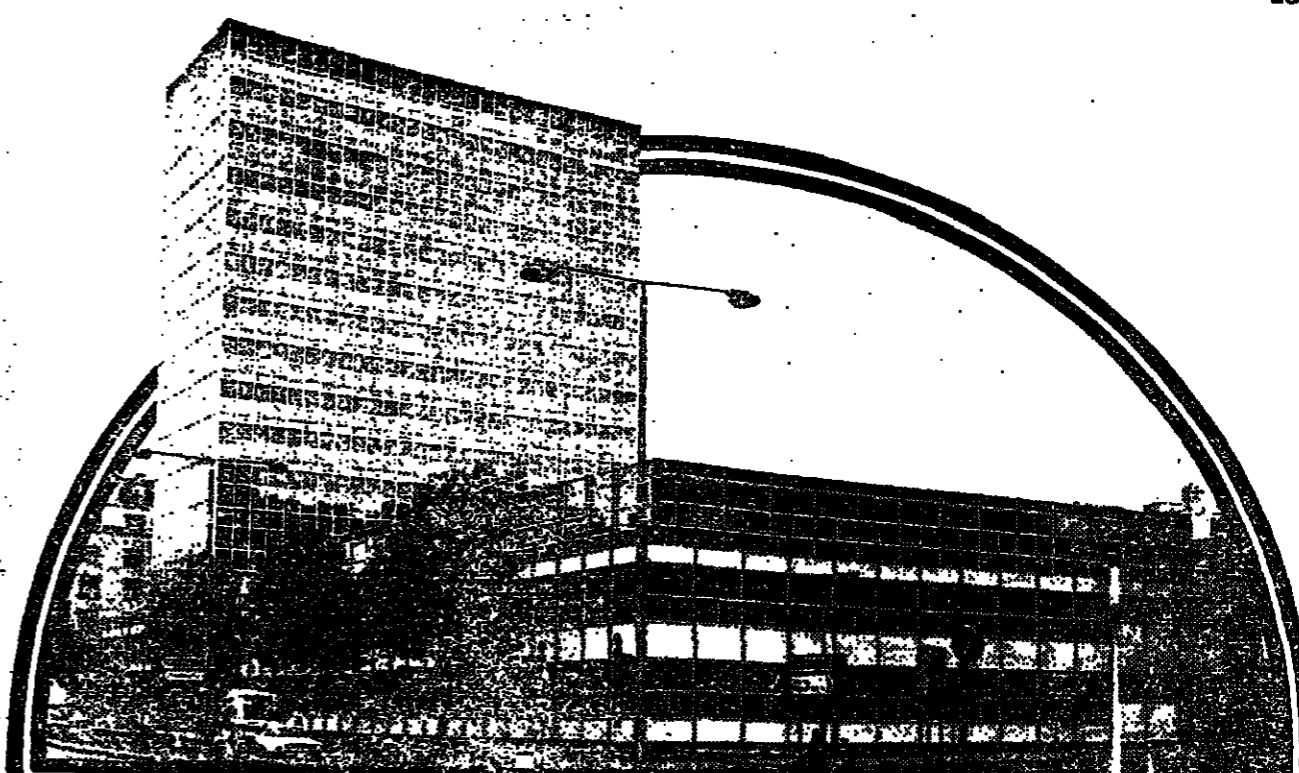
Approx 9.83 Acres  
(3.98 Hectares)

DARRAS HALL  
PONTELAND,  
NORTHUMBERLAND  
FOR SALE BY PUBLIC  
AUCTION

Tuesday, 12th December, 1978

BERNARD THORPE

18/18 Bond Street,  
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## 174 Marylebone Road London NW1

Offers a rare opportunity to acquire a lease  
of a self contained, fully fitted modern  
office building, located in the heart of  
London, providing 114,000 sq ft net of  
office accommodation, together with car  
parking facilities for up to 100 cars.

EDWARDS  
BIGWOOD  
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Also at Birmingham,  
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APPLY  
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01 499 9452

MICHAEL  
RILEY &  
PARTNERS



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## CONDOR HOUSE st Pauls Churchyard EC4

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Fully air conditioned  
office building  
to let

Cluttons

## St Quintin

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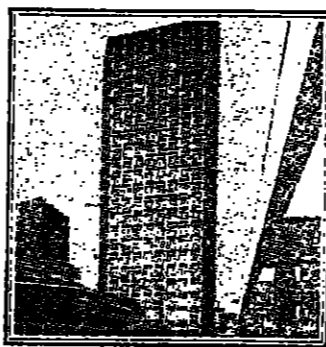
Vinty House, 111

Queen Street Place

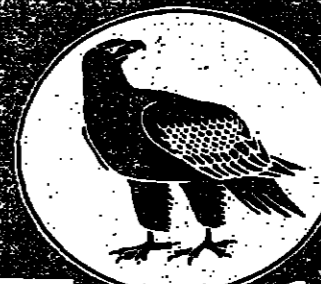
London EC4R 1ES

Telephone 01-236 0440

Rothschild House, Croydon  
Air Conditioned Office Suite 5950 sq. ft.  
Lease to be assigned



(Ref: JK)



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A prestige headquarters  
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£6.60  
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Including 78 car spaces

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Richard Ellis

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TO LET

OFFICES 9,000 sq. ft.  
and  
WAREHOUSE 11-17,355 sq. ft.

Excellent Specification and Finish  
Just Completed.

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17 Miles London

Set in 45 acres with consent for  
Residential Training School. 25  
Beds, 6 Bath, separate cottage,  
New Pool, Camping Grounds,  
Football & Cricket Pitches. Of  
interest to Developers.  
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36 KING STREET, BRISTOL 293254

## BIRE: STROKESTOWN CO. ROSCOMMON

Magnificent new business  
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3,000 sq ft Central position  
Shops and accommodation  
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## NEW CAVENDISH STREET W1 Ground Floor OFFICE/SHOWROOM (1,550 sq. ft.) Fully modernised

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Attractive warehouse  
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11,060 sq. ft.  
DEBENHAM TEWSON &  
CHINNOKS  
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## BECKENHAM, KENT

11,340 sq. ft.  
SUPERB MODERN OFFICES ON 2 FLOORS  
ONLY £4.31p PER SQ. FT.

Including Rates and Service Charge

LEASE FOR SALE

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(Opposite Conference Centre)

## NEW OFFICE BUILDING 2,300/5,000/7,300 sq. ft. TO LET

- ★ Automatic Passenger Lift
- ★ Gas Fired Central Heating
- ★ Private Car Parking for 15 cars

Sole Agents

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## HOVE - SUSSEX FREEHOLD FACTORY AND OFFICES 70,000 SQ. FT.

Heating, Lighting, Computer  
Area, Adjacent A27(T). £825,000

Stiles Horton Ledger

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TEL. 0293 21561  
also at Hove, Eastbourne, Worthing and Crawley

A selection of the  
finest new Industrial Warehouse  
Units available To Let

**Walton Industrial Estate**  
Units 5,400 - 150,000 sq. ft.  
New fully units with good offices and  
parking (close to A34 and M6). Phase  
II units to your specification. Intro-  
ductory commission payable.  
M. P. KENT LTD.

**Maybrook Industrial Estate**  
Units 2,500 - 18,000 sq. ft.  
Phase II development of this successful  
industrial estate will provide a range of  
industrial/warehouse units - conven-  
iently located, Walsall Wood and West  
Bromwich.  
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**Oxford Street Industrial Park**  
Units 5,000 - 100,000 sq. ft.  
Prestige main road frontage to A41.  
20' 0" to eaves, facility 5 min D.E.T.  
cranes. Tenants requirements can be  
incorporated.  
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**Halesowen Industrial Park**  
Units 8,000 - 100,000 sq. ft.  
2 miles Junction 3 M6 Motorway. 20' to eaves, excellent office  
accommodation. Phase II Development on existing estate. Occupation  
January 1979. Very high specification.  
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**Hockley Industrial Estate**  
Units 3,000 - 70,000 sq. ft.  
A unique 11 acre inner city industrial estate providing a range of  
warehouse and factory units. Eaves height of 18' 0" - 20' 0" per sq. ft.  
Floor loadings. Units also to tenant's specific requirements.  
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**Motorway Trading Estate**  
Units 2,500 - 18,500 sq. ft.  
Magnificent location overlooking Aston Expressway. Five standard  
units with parking, offices and good working height of 20' 0". Last  
remaining units available shortly.  
SAPCOTE PROPERTIES LTD.

**Kingway Industrial Park**  
Units 5,000 - 40,000 sq. ft.  
Adjoining Derby Ring Road Phase I -  
two remaining units available each  
7,100 sq. ft. Phase II units to tenants  
requirements.  
WILLIAM WALKERDINE LTD.

**Gravelly Industrial Park**  
Units 4,000 - 70,000 sq. ft.  
A 32 acre Phase II development 800  
yards from Saphet Junction, a limited  
number of units are still available.  
BRYANT SAMUEL

**Minworth Industrial Park**  
Units 6,000 - 100,000 sq. ft.  
Immediately available - prestige, fully  
warehouse units, excellent nearby am-  
enities - Carrefour hypermarket im-  
mediately adjacent.  
BRYANT SAMUEL

**Haywards Industrial Park**  
Units 3,000 - 350,000 sq. ft.  
A 18 acre development 100 yards  
Junction 5 M6 Motorway. Advance  
units from 1979 onwards with size  
immediately available for units to re-  
quirements.  
HAYWARD INDUSTRIAL DEVELOPMENTS LTD.

**Gerrards Green Industrial Estate**  
Units 3,240 - 75,000 sq. ft.  
Phase I construction shortly to commence on this established industrial  
estate, close to a large local labour supply and convenient to I.L.C.,  
Edmond Airport and new M42.  
HALLAMSHIRE INDUSTRIAL ESTATES LTD.

**Kings Road Industrial Estate**  
Units 24,000 - 80,000 sq. ft.  
Single storey industrial units nearing completion part with 10 ton  
crane and yard area. Eaves height up to 25' 0" purpose built units  
also available. Located in established industrial area, convenient to  
City Centre.  
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## Midland Industrial Estates

Grimley & son  
CHARTERED SURVEYORS  
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Birmingham B3 2QQ  
021-236 8236  
London 01-636 9654 Brussels 02-512 16 12

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Tel.No. \_\_\_\_\_

# JLW Auction Sale

17 SUBSTANTIAL LOTS OF FREEHOLD  
& LEASEHOLD COMMERCIAL INVESTMENTS  
(RESERVE PRICE BRACKET £75,000-£550,000)

For Sale by Auction

30th November 1978 at 3.00 pm

at

Quaglino's (The Ballroom) Bury Street, St. James's SW1.

Auctioneers:



**JONES LANG WOOTTON**  
Chartered Surveyors

103 Mount Street, London W1Y 6AS. Telephone: 01-493 6040. Telex: 23858.

# Build across Britain with Willett

Willett Limited, Mitcham House, 681 Mitcham Road, Croydon CR9 3AP  
Telephone: 01-689-2266 Telex No: 946511

## PROPERTY DEALS

### New bank for Bishopsgate

STANDARD CHARTERED Bank is to go ahead with a 194,000 sq ft office development on its freehold site in Bishopsgate, EC2. The bank, which is advised by Dron and Wright, has submitted a planning application to the City Corporation seeking permission to build a five-storey headquarters block on the site of its current offices and the former Wallace Brothers' building at 28 to 38 Bishopsgate and 3 to 7 Crosby Square.

The bank, which has a staff of 2,600 in London, intends to occupy and retain ownership of the new building itself.

A WEEK after winning the sole letting agency on The William Eastman Organisation's 280,000 sq ft office block at 7 Hanover Square, New York, Jones Lang Wootton is publishing warnings about the shortage of office space in that city's central area.

Looking at the 20.2m sq ft of offices in 33 rentable buildings on New York's Park Avenue, J.L.W. reports that only 2.1 per cent of that accommodation is now available. Half of that empty space is in pre-war buildings, and a third is only available on short lettings.

Available space in the Avenue totals just 413,855 sq ft and, given the age and lease structure of that space, rents are on the rise. Dividing the Avenue at 42nd Street, the agent reports rentals in upper Park Avenue of between US\$9 and \$12.50 (\$6.25) per sq ft in pre-war offices.

Direct leases on modern spaces are being offered at between \$16.75 and \$26 (\$13) a sq ft, with sub-lettings offered at between \$12.50 and \$24 a sq ft. Below 42nd Street rentals for the 171,282 sq ft of empty space (only 10,000 sq ft of which lies in post-war buildings) ranges from \$10 to \$13 a sq ft.

Only one major development is planned in the area. George and Klein's 250,000-sq-ft block at 499 Park Avenue, where demolition work has now started.

NEW CAPITAL Properties, developer of 23,500 sq ft of offices in Haywards Heath, is a subsidiary of Gresham House Estate Company and not, as reported last week, part of the Gresham Trust.

THE COMPLEX weave of interconnecting deals lying under the surface of most property developments would amaze businessmen in other industries. A 22,400 square foot Dorset warehouse now being built by John and Peter Beckwith's private development group, Second London Wall illustrates the point.

On the face of it the warehouse scheme hardly looks particularly complicated. But to

get to the building stage Second London Wall had first to line up a pre-letting, a pre-funding and the forward sale of part of the two-acre site at Granby Industrial Estate, Cumberland Drive, Weymouth, Dorset.

Suttons Commercial introduced the site to the developer and brought in the tenant, Booker Belmont (Wholesale), who is to pay £130 a square foot. With this pre-letting the Corporation seeking permission to build a five-storey headquarters block on the site of its current offices and the former Wallace Brothers' building at 28 to 38 Bishopsgate and 3 to 7 Crosby Square.

The bank, which has a staff of 2,600 in London, intends to occupy and retain ownership of the new building itself.

At the end of the day the developer takes a modest profit on the investment, covers its site costs on the Council sale and is left with space for another 8,000 sq ft scheme at the back of Booker Belmont's new warehouse. The days when developers were lashed for gross, largely unearned profits are well and truly over.

TAYLOR WOODROW Industrial Estates has decided that it has better things to do with its time than await pre-lets on its Fairhills Industrial Estate at Irlam, Greater Manchester. After seven years on site, and with half of the original 24-acre site used as a 100,000 sq ft Tesco Hypermarket, Taylor Woodrow has decided to abandon its wait for committed tenants and break with tradition by selling individual freehold plots.

The first sales have now been completed, with £14,500 sale of two-thirds of an acre with frontage on to the A57, Liverpool Road, sold to Edginton Brothers for development as a car showroom and service station. Building Contractors Hafry Daniels and Son have paid £4,500 for a 1-acre site on which it will build new offices and a building depot.

Sole selling agents, Swinner Leas, are selling the remaining 5-plus fully serviced acres for £18,000 an acre. Taylor Woodrow's impatience with slow letting interest in the Fairhills site does not mean that it had abandoned Manchester as a development area. The group is currently looking for a larger industrial development site to the south of the city.

J.B.

## MAJOR OFFICE DEVELOPMENT

### Between West End and Heathrow Airport

Our clients are commencing construction of a major office development in TWICKENHAM town centre.

Office accommodation of between 20,000 sq. ft.-50,000 sq. ft. will be available and the anticipated completion date is the END OF 1980.

Specific tenants requirements can be incorporated at this stage and further details are available from the retained surveyors.

**CONWAY RELF**  
01 629 9100

CHARTERED SURVEYORS  
44 ST JAMES'S PLACE LONDON SW1A 1PG

## 36,000 SQ FT AT £3-60 A SQ FT IS AN ATTRACTIVE PROPOSITION ANYWHERE.

### IN SWINDON IT'S IRRESISTIBLE

In a town that's already home to a large number of Britain's biggest business names, the Murray John Tower is something special. This magnificent 22 storey building offers expanding and relocating businesses 6 floors of superb modern air conditioned office accommodation, located right in the town centre and close to all services and amenities.

Swindon itself, of course, is an international success story. The Nationwide Building Society, Hambro Life Assurance, W H Smith & Son and Burmah Oil are just a few of the companies which have been quick to realise Swindon's enormous potential. The Murray John Tower is an outstanding opportunity for your business to make a move for the better. A move to Swindon.

Contact: The Industrial Adviser,  
Thamesdown Borough Council,  
Civic Offices, Swindon,  
Telephone 0793 36161  
Telex 44833



THE MURRAY  
JOHN TOWER  
SWINDON

An Opportunity  
to purchase prime  
institutional industrial  
investment.  
South Herts location.  
Principals or retained  
agents only.

Apply to Ref. FJ or GCW,  
DERRICK WADE & WATERS,  
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Tel: (0279) 39191 Telex: 817518

## FREEHOLD OFFICE INVESTMENT

21 Red Lion Street  
London WC1

Producing £12,750 p.a.

FOR SALE  
BY TENDER

CLOSING DATE: 11th DECEMBER 1978

For Particulars and Conditions of Sale  
Contact Martin C. Green BSc, ARICS

**DRUCE** EST 1822  
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London W1A 2DD  
Tel 01-486 1252

## Kingston Hill

Kingston Upon Thames, Surrey

A New Office Development  
of 10,000 sq.ft. To Let

Features include:

- \* Gas Central Heating
- \* Fully Carpeted
- \* Double Glazing throughout
- \* Prestige Entrance Hall
- \* Male and Female Toilets on both floors
- \* Car Parking
- \* Excellent Transport facilities

Sole Letting Agents

**James Andrew  
& Partners**

Consultant Surveyors & Estate Agents  
62 Pall Mall, London SW1Y 5JZ  
TELEPHONE 01-839 4436

**RENT FREE** for years 1 and 2  
**MODERN FACTORY**  
33,000 sq.ft.

33,000 sq ft modern factory on Bondeath Industrial Estate, near Stirling in Central Scotland.  
RENT FREE for years 1 and 2 33p a sq ft for years 3, 4, and 5 to manufacturing companies creating suitable employment.  
Production area 28,000 sq ft. height to eaves 16 ft. 4 x 14 ton electric overhead cranes, four external bays with 2 ton electric overhead hoists.

Contact

Industrial Development Unit, Central Regional Council,  
Viewforth, Stirling, Tel: Stirling 3111

**PROPERTY ADVERTISING**  
is Continued Today  
on Page 26

## INTERNATIONAL PROPERTY

### The newly built BERGEN HOTEL in Bergen, Norway, IS UP FOR SALE

Bergen Hotel was completed in 1978. It has 72 rooms, all of which have a WC, shower/bath and telephone. It has 2 conference rooms and a grill restaurant. The hotel is centrally situated, but in a secluded spot. The hotel is for sale and a quick settlement is wanted.

Bergen has rich traditions in tourism and business travel. The city's travel organization has worked hard for the expansion of the city's hotel capacity. It is also expected that the need will increase according to Bergen's development as a centre for oil activities north in the North Sea.

Would interested buyers please contact the solicitors Riisøen and Molland, Strandgaten 18, N-5000 Bergen, Norway, teleph.: +47 5 21 94 99, +47 5 21 85 42.

## Park Lane MAYFAIR, LONDON, W.1.

A UNIQUE PRESTIGE  
CORPORATE  
HEADQUARTERS BUILDING  
Overlooking Hyde Park

4,400 sq.ft. approx  
of Fine Offices & 3 Luxury apartments  
Including a Duplex Penthouse

82 yrs. LEASE FOR SALE  
Nominal Fixed Ground Rent

Details from sole agent

**Charles Price & Company**  
01-493 2222 24hr PHONE SERVICE  
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## 70,000 SQ. FT. LONDON OFFICES AVAILABLE TO LET

Between Heathrow Airport and the West End.

TENANTS WITH ODP REQUIRED

Principals or Agents with named clients only  
apply Box T4972, Financial Times,  
10, Cannon Street, EC4P 4BY.

## Quality Offices in Sevenoaks Kent

Just 30 minutes by train from the City

17,976 sq. ft. in  
this modern block  
adjacent to the  
station. Full central  
heating and car  
parking.  
Rental? approx  
£4 per sq. ft.

For further  
details contact  
Tim Elliott  
(Tel E/5411)

Dixon 01-626 9681  
Worthington

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# The Management Page

EDITED BY CHRISTOPHER LORENZ

Jason Crisp and Arnold Kransdorff report on Dunbee-Combex-Marx

## An ambitious toy company goes adrift with its forecasting

**HARD BEECHAM**, a forceful personality, is not a man who readily eats humble pie. When he meets a number of institutional shareholders of Dunbee-Combex-Marx today, he has to do just that; certainly he has a lot of explanation to do about his toy-making company's latest reversal.

What has galloped the institutions is not just the £3m loss for the first half of this year but the chairman's statement in the middle of July was recklessly optimistic and was later at the annual meeting on August 10, six weeks or the interim accounting had closed.

It is not the first time DCM's forecasting has been a little off. In 1977 the company was forecasting pre-tax profits of £1m but they only came to £1m, following unanticipated problems at its Swansea and American subsidiaries.

The recent setbacks are all more noticeable because DCM was for so long a favourite growth stock and indeed in the last year's rather flat results it was up 9 per cent.

There has been an unblemished record, though, some internal estimates, DCM has grown in what was a £4.62m turnover company ten years ago.

One which might reasonably be expected to have sales of £100m this year.

It is most successful acquisition was Rovex which makes many toy trains and Scalex model racing cars, and which it bought from the Colson Lines Brothers in 1972.

Mr. Rovex had accumulated assets of £1m; it was swiftly reformed and last year it made around £3m profit. DCM's situation largely stems from its ability to have shown to buyers, often loss-making, a bad management or in a financial state, and swiftly reformed to a state of health.

The company also has a reputation for striking some remarkably good deals when buying up companies, and thus being off surplus assets, thus getting much of the original cost. But not all DCM

### WHAT THE INSTITUTIONS SHOULD ASK DCM

- How much did the U.S. contribute to the loss?
- What proportion of this was rationalisation of Aurora?
- What, if any, was due to a trading loss at Louis Marx?
- Will Louis Marx's turnover reach a hoped for \$70m?
- How great is the loss at Schuco?
- When were the directors first aware of first half losses?
- What changes are being made in the reporting procedures?
- Is any additional management to be injected in the U.S.?

purchases have had such a spectacular turn around as happened at Rovex.

Two of the company's more recent purchases in the U.S. certainly have much to do with the company's present problems, as has the Schuco subsidiary in West Germany.

In addition there were companies in Australia and South Africa where the magic did not work and these have been sold off.

Broadly the toy market can be divided into two. First, there are staple products such as electric train sets, for which there is a reasonably predictable and steady demand. Often these products have a high "add-on" element, as Grieverson Grant, DCM's own brokers, point out in a comprehensive survey of the market.

For every pound spent on basic train sets, probably at least £4 to £5 is spent on accessories such as extra track, points, signals, timetables, coaches and wagons.

The other side of the business is highly volatile. Although consumer spending on toys is reasonably predictable, within normal cyclical trends, the opportunity of that spending is very flexible. The difference between a runaway success—a product which is demanded by every child or its parent for Christmas—and one which remains on the shelves unwanted is very fine. And the ability to judge that difference is limited to a small number of people.

Observers of the toy trade are quick to point out that the number of successful people in

the business is limited and of those most have been in it for some time. Much attention is paid to the views of those individuals running companies and this in part explains DCM's own management structure.

Within DCM, there is a very high level of autonomy for the chief executives of the subsidiary companies. Having agreed to certain financial constraints with the central management they are allowed to operate very much on their own. For instance, within the UK there are five major manufacturing subsidiaries—Burbank, Combex, Louis Marx, Rovex and Novo—which have their own distinctive product lines and their own separate sales forces.

### Virtues

Grieverson Grant explains the virtues of this style of management which exploits entrepreneurial skills in such a volatile market. As DCM has expanded so the organisation of the group has had to be flexible to the often major changes that a new acquisition has imposed. Senior managers with particular skills in turning round loss-making companies have moved from one subsidiary or country to another.

"New management with experience elsewhere in the UK and U.S. toy industries, has been brought in when special tasks have arisen which have required the strengthening of a management team. What is very clear, as a result of these developments is that an experienced group of entrepreneurial minded managers, many still in their

thirties or forties, have been brought together to provide the depth and strength of managerial ability that DCM requires now and as it continues to expand."

The company also has a reputation for putting chief executives in charge of subsidiaries, setting the budget and if they don't meet it or better it, firing them. Until now this has worked, as can be seen by its results, but it is now clear that there has been a lack of financial control, or a breakdown in them between the U.S. and the UK. A question mark is also raised as to whether the group still has sufficient depth of management for a company that has grown so fast so quickly.

The group is facing its greatest problems in the U.S. which is its greatest single market. Half DCM's toy sales are in the U.S.

DCM's first major purchase in the U.S. was in April 1976 when it bought the ailing Louis Marx from Quaker Oats for \$15m. (\$8.2m). With potential sales—yet to be achieved—of \$70m it was a substantial addition to a company whose 1975 turnover was £38.7m (about \$72m).

Quaker Oats virtually gave away Louis Marx, which it had acquired only in 1972 for \$58m, even lending DCM \$10m at a 10 per cent over base rate. Louis Marx suffered a number of problems including a remote and bureaucratic management, a number of unused but saleable assets; and also from the fact that Quaker Oats had withdrawn from the highly profit-

able manufacture of toy guns on moral grounds.

Bob Butler, who had been responsible for turning round Rovex, was sent in to repeat the same magic at Louis Marx. He sold off the unwanted assets, including warehouses, drastically reduced stocks, cut back the workforce, re-introduced guns and reduced the product range from 125 to 75 items. A year later DCM announced that Louis Marx had made a small profit.

In March this year DCM bought Aurora, another U.S. toy company, from Nabisco for \$10.8m, at an initial payment of \$1.4m with the rest payable in instalments. Again DCM sold off the unwanted assets and integrated the company into the Louis Marx management.

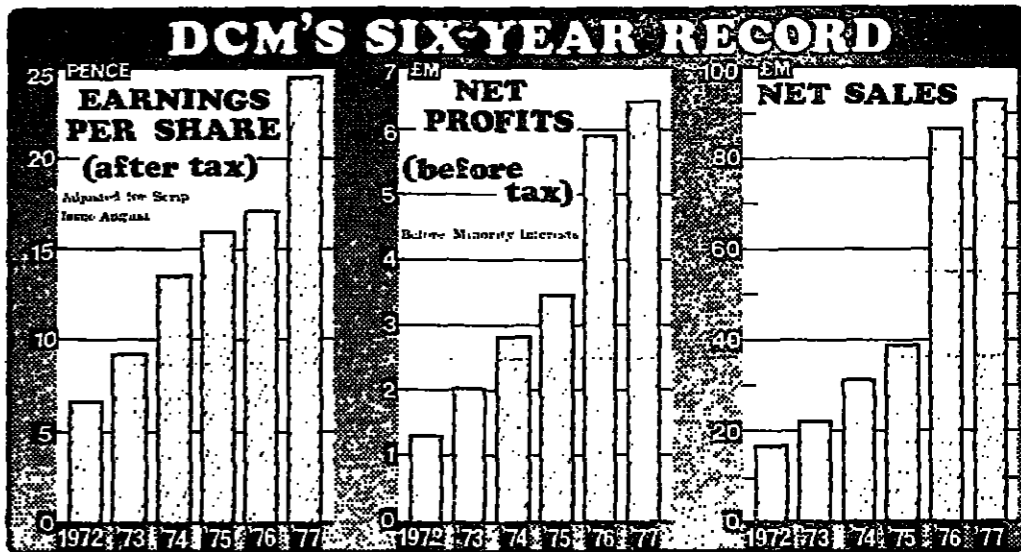
This, announced DCM, was largely completed by July. According to the interim statement published last Friday, Aurora is currently exceeding the budget set at the time of acquisition, which is thought to have been break-even.

But DCM's U.S. problems will not be simple to solve. First of all the integration of Aurora into the Marx factory has caused havoc with production schedules, and this will take time to straighten out. Secondly, the cut-back in the number of product lines has left a range of toys which some observers—perhaps too critically—suggest is inadequate for the vast U.S. market. But in spite of all the cutbacks DCM is still left with many of the old overheads, such as machinery and labour.

Just as important is the state of the U.S. economy. According to a recently-published investment survey, 1978 has been a steady year for retail toy sales. There are fears, however, that it might not match the previous year's record levels. And if there is a general recession next year—as is widely predicted—then there will almost certainly be a sharp setback for the toy industry. The fears are that toys will become a low priority item among families in the face of rising interest charges and higher inflation.



From left to right: Basil Feldman, Richard Beecham—joint managing directors—and Isadore Shulman, financial director.



Over in Germany DCM's position with Schuco is also difficult. It continues to have little success in breaking into a new market and the latest indication is that budgeted losses—as yet undisclosed—will be £0.5m higher by the end of this year. Clearly, DCM must be tempted to dispose of this persistent loss-maker.

In the UK however, the picture is much brighter. While the toy industry suffered in 1977 from low consumer spending and severe de-stocking by retailers prior to Christmas, this year has seen a dramatic recovery. Toy sales are expected to reach record levels. DCM—in line with other toy-makers—has managed to cash in handsomely and the UK will obviously provide most of the group's support for the full year.

This buoyant market is reflected in the first-half results

of other toy-makers in the UK. Lesney, for example, which also has an important U.S. contribution, increased its sales by more than a quarter after discounting the contribution of acquisitions. DCM is going to have little option other than to announce major changes in financial controls if it is to have any hope of restoring the institutions' shaken confidence.

### Gearing

Large in the DCM director's minds must be the high gearing. At July 1978, borrowings amounted to a seasonal peak of £45.5m (\$91m) in comparison with pro forma total assets of £68.8m (\$137.6m) at December 31, 1977. This includes a commitment to pay a \$4.5m Eurodollar loan by 1980, and almost £4m (\$8m) to Quaker Oats between 1979 and 1982.

When the institutions meet

As far as the U.S. is concerned, DCM is staking a lot on one man; given the company's policy of autonomy, Bob Butler has the largest responsibility in the company in that he is responsible for 40 per cent of turnover. Success in the U.S. is vital and, if achieved, could restore DCM's fortunes; but if it does not DCM will be facing very serious problems. And the institutions will be seeking some very positive assurance that Louis Marx is still structurally sound, and that the problem has been a temporary one.

## More managers are game

Quality Office  
for tracks

TH but one full week left before the closing date, entries for the 1979 United Kingdom national management championship promise to top the elusive 10 mark for the first time.

One reason why the rate of applications is up on that of last year—when 928 teams made starting line—is that the money has been more than tripled. Whoever wins the championship next summer will receive £2,000, compared with £1,000 banked this year by a champion team from Shell.

In addition the second, third and fourth teams who succeed in reaching the final of the

computer-based contest will respectively win £750, £500 and £250 as a return on their entry fee of £60.

The doubled first prize and the unprecedented rewards for the losing finalists are being offered to celebrate the tenth occasion on which a management competition has been run on a national basis.

It was in 1970 that the UK became the first country to launch a challenging "business

simulation exercise," as used in management-training programmes, to the postal services so that companies, other organisations and individuals, could show their skills in running a "paper" consumer—durable manufacturing concern. The initial sponsors were the Financial Times, International Computers and the Institute of Chartered Accountants in England and Wales, who have since been joined by the Confederation of British Industry and the Institute of Directors as associate sponsors.

Today similar championships are run annually in numerous other countries, including half

a dozen in Europe. These now send their current national champions to compete each year for the European title.

Jack Layzell, the UK chief administrator, says that the entry so far includes a good many experienced contestants. Among them are a batch of entries from IBM, who managed to gain two of the four places in the 1978 national final but in the end Shell prevented them from winning the title—part-sponsored by the rival ICL company. Dr. Terry Flitcroft, chief executive of the Unicorn Industries group who won the subsidiary "plate" competition this year, is also again

at the starting gate to try to take the major championship.

Mr. Layzell adds that he expects to see a good many more well practised players coming forward before entries officially close on Monday week. But although there is still time for would-be champions to collect their application forms and enter, the administrators would be well pleased if entries were sent to them at National Management Game, Victoria House, Southampton Row, London WC1B 4ED, early in the week rather than multi-tudinally posted off next Friday night.

Apparently there were so many late scholars when the lists closed last year, that a number of aspiring competitors had to be refused.

Michael Dixon



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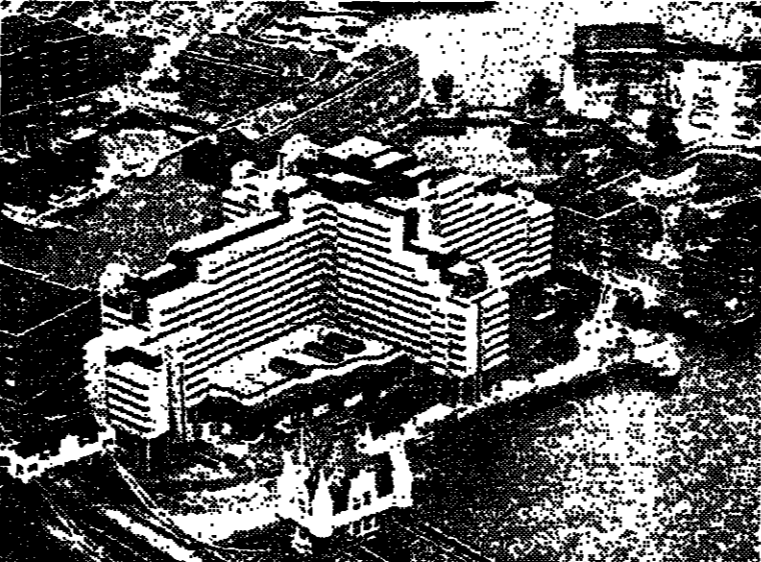
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## The Tower Hotel.

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## LOMBARD

## Cocking snooks is habit-forming

BY ANTHONY HARRIS

BY SOME odd chance I read a report of edible shrimps being netted in the Thames only a few minutes after I had finished rather impatiently skimming through the latest offering from the Institute of Economic Affairs—The Myth of Social Cost. This tract by Professor Steven Coughlin and others argues that the existence of pollution and similar problems is no justification for the extension of bureaucratic interference; they can be handled through suitably defined property rights.

As has become all too frequent recently in arguments from this source, there is a good deal of leavening in it that meets the eye. Tell that, you might say, to the shrimps.

For a start, is this an economic question? Cleaning up the Thames is one of those achievements which seems so obviously good in itself that it has probably never been subjected to a cost-benefit analysis. It is hard to know that the shrimps are down there, along with the dubs and the soles.

## Idea persists

It is certainly unlikely that any fishing industry which springs up along the dead docks will make economic sense of the whole project; but the idea that an unpolluted river is a good thing in itself, and that the shrimps are down there, along with the dubs and the soles.

Their analysis in this particular case is also questionable in a number of ways. For one thing, it rests on what might be called the Myth of Bureaucracy—the idea that all activities of all governments are through private contract means work for lawyers. It is by no means clear that the localist plea of lawyers which now infests the U.S. is in any way to be preferred to bureaucrats, or that the risks of suit for product liability, nuisance, disturbance and the rest make for an easier life than the requirement to meet regulations.

The pamphlet propagates another myth, too—a kind of positivism which assumes that anything which ownership could achieve, is achieved. In an epilogue John Burton, a jokey underkind of the far right

## Boring work

The fact is that the IEA is now in the sad position of a revolutionary whose side has won. The central case for the market and for decentralised decision-making is now the predominantly respectable way of thinking. We have devoted the currency, imposed monetary targets, and even Mr. Wedgwood Benn subscribes to the right-wing myth of the Small Company. It is time to get off the barricades and get down to the more demanding and boring work of tackling the problems of success—the problems of making a market that works, imposing an effective competition policy, of sensible rules for currencies, and so on. It is not nearly so much fun as putting whoopee-cushions on the seats of the mighty, but it needs doing, and the IEA, with its pantheon of market-minded contributors, could be doing it.

IT WAS RAINING when I came across my first English vineyard. I was cycling, and shelter loomed up through the gloom of an early autumn shower. It turned out to be the prized vineyard of Mr. A. S. Holmes of Wrexham, on the lowest of the low slopes of the south-facing Mendips in Somerset. I bought a bottle of the end product and, after the shower, cycled on more gingerly than before, preferring to leave the sampling until my return home.

Mr. Holmes picked his English grapes on November 5, Guy Fawkes day, last year. There were celebrations and signs of relief. This season the timing will be little different, perhaps a little later, but there will be few confires lit in token of a successful end to the growing season. The indifferent summer has seen to that.

The Indian summer of a few weeks ago may have helped to make-up for earlier loss of warmth, but tonnage of hardy English grapes will certainly not match the record crop of two years ago which made 300,000 bottles of English wine.

The expanding band of English vintners will soon have little choice about when to pick their crops. Few would wish to leave it much later than, early November, when most continental grape juice has already seen the inside of a vat. The big worry is frost. It may creep up suddenly on a vineyard, leaving no time to be ruined overnight, bringing home the harsh realities of

## English wines: a fight against big odds

BY LYNTON McLAIN

attempts to commercialise English wine growing and wineries to Gallic faces across the Channel.

But in Somerset they do know about grape growing and wine making; this year a Shepton Mallet, Somerset, vineyard offered its 1978 Wootton Bassett wine for tasting by the wine masters of Trier, on the Moselle river. And they know about wines there, too.

The Wootton wine took first prize. Mr. Holmes's wines from Wrexham have also won prizes. These successes, however, are hand-in-hand with a number of difficulties facing the English growers. There are problems of identity: of what people understand by the term English

wine: there are also problems of competition from within the European Economic Community, plus those relating to excise duty, tax and classification.

And there is English weather. But in spite of these difficulties, 124 English vineyards have over 800 acres under vines. There were only about 10 acres in 1967, when the English Vineyards Association was founded under its present chairman, Mr. Jack Ward, who is managing director of the Merrydown Wine Company of Horam, Sussex.

One of the English industry's biggest headaches is the existence of confusion between British wines and English wine. To talk of the two types in the same sentence sends shudders down the vine of most English growers.

British wines are made from imported grape or other fruit juice. The liquid may be fortified with spirits producing British "sherry", "port" or simply British wine; English wine is made only from the juice of grapes grown locally.

French growers insist that it is almost impossible to grow vine grapes above 50° latitude, the line of which crosses the UK at a point midway up the Lizard Peninsula. Yet grapes grow successfully at Renishaw in the grounds of the old bishop's palace at Lincoln.

Most English vineyards, however, are below a line drawn from the River Severn to the

Wash; in Sussex, Essex, Surrey, Kent, Hampshire and Norfolk as well as Somerset, and all testify both to the persistence of English vine growers and the inaccuracy of the French judgment.

Vineyards need about 1,700 hours of sunshine a year and less than 30 in of rain. The site must be sheltered from cold winds, especially during flowering time, as wind may make the flowers wilt before pollination, killing the chance of fruit. There should also be good drainage, no frost and the vines should face south, preferably on a slope no more than 40° above sea level.

Faced with these physical constraints and a limit to the amount of land available, the potential for vine-growing in England and Wales—the latter was briefly the source of red wine, from yards lining the River Taff, in the late 19th and early 20th centuries—surprise is that there are so many successful growers and producers, particularly in the face of other, man-made disincentives.

Output from the English vineyards last year was only half that of the record-breaking 1976. The forecast for this year is that the crop will be "dreadful", and many producers will face financial hardship additional to that already created by the refusal of the British Government to recognise that wine production is an agricultural activity as defined by the European Community in Brussels.

All wines from the EEC imported into Britain are subject to the same excise duty as English-produced wines. But there the equality ends. The Italian, German or Luxembourg producer pays no duty on still wines for domestic consumption. The English producer, on the other hand, pays 50p a bottle.

The domestic wine duty on English wines is almost 100 times that levied on French wines sold in France.

The EEC recognises that the cultivation of vines and the production of wine are both part of



ENGLISH WINES

an agricultural operation. Wine-producing member states have access to agricultural grants, low interest loans and insurance against crop losses. But in Britain, buildings used for pressing grapes and for fermenting wine are rated as industrial premises and similar EEC agricultural aid is not available.

The differences highlight the uncertain financial viability of some English vineyards, which may be badly hit this year if the grape crop is as poor as has been forecast. They also go

some way to explaining the high cost of English wines, in comparison with those from other EEC members.

A bottle of English Wootton vineyard near Shepton Mallet costs about £2.50 well into the price category for a reasonable French wine carrying the appellation contrôlée designation. English wines, however, have to be called table wines, as the EEC is not prepared to allow English producers to apply for quality wine status. The EEC regulations 816/70 and 817/70 cover wine production and designation, and only certain approved vineyards may be used when only to produce a limited quantity of wine.

Britain does not have the experience in wine production to satisfy EEC requirements and only the EEC will say when English producers have amassed this experience. One vital step towards EEC recognition has been made with the granting of a certification trade mark for English wines.

This was approved by the Department of Prices and Consumer Protection earlier this year, after five years of campaigning by the EVA. The association applied first to the Patents Office for a trade mark that would guarantee to the consumer that the English wine carrying it was made to laid-down standards and was palatable.

Nearly 50 English vineyards have applied to use the trade mark and will soon be submitting bottles for testing.

## Bluebell ready to set Carson on path to Newbury treble

WILLIE CARSON, whose pursuit of winners up and down the length and breadth of the country since March will see him finishing the season with one of the biggest prize hauls for a champion jockey, looks to be the man to follow today at Newbury. His mounts include the course and distance winner Bluebell in the afternoon's principal Flat event, the seven-furlong Radley

Lord Porchester, which look likely to be carried with distinction by Sausage's half-brother Elusive Pimpernel in some of the big steeplechase events next season. The head of the Newbury race, a valuable but slightly overcast evening over six furlongs at Windsor in August, Bluebell almost certainly set up a better performance over a furlong further at Newbury last month, beating Admiral Grenville by half-length under a stiff weight in a 13-stone nursery.

Any improvement on that running should see him clear the \$10 to Polaris Point, a respectable third behind Head Hesperus over this course and distance recently, and the same weight in the once-raced High Line at Quax Line.

Polar Point, whose seven furlong stakes was side-lined for the All three could win. The best bet from the trio should be Bluebell, racing in the Elton blue and black colours of

Tipstaff could provide him with another winner in the Reading Maiden Stakes.

This well-made bay colt by Busted out of the Palestine mare, Polar Point, need only produce the form which saw him running second to Barnbrook at Wolverhampton last time out.

As expected, the particularly fast conditions for jumpers have brought about disappointing turn-outs for both the National Hunt events. In the second of these, the William Hill Hurdle, I expect Alan Jarvis's five-year-old Prosuto to take advantage of the 6 lbs he receives from Sea Pigeon.

The only other runners here are Heluan and Salado, who both appear to be outclassed.

## NEWBURY

2.00—Tipstaff  
2.40—Jimmy Miff  
2.50—Polaris Point  
3.30—Bluebell  
4.00—Telmoss  
4.30—Overtrick

## RACING

BY DOMINIC WIGAN

Stakes: Philip Mitchell's consistent Epsom challenger, Telmoss, in the Dick Dawson Nursery; and another course winner, Overtrick, who goes for the William Clark Stakes. All three could win.

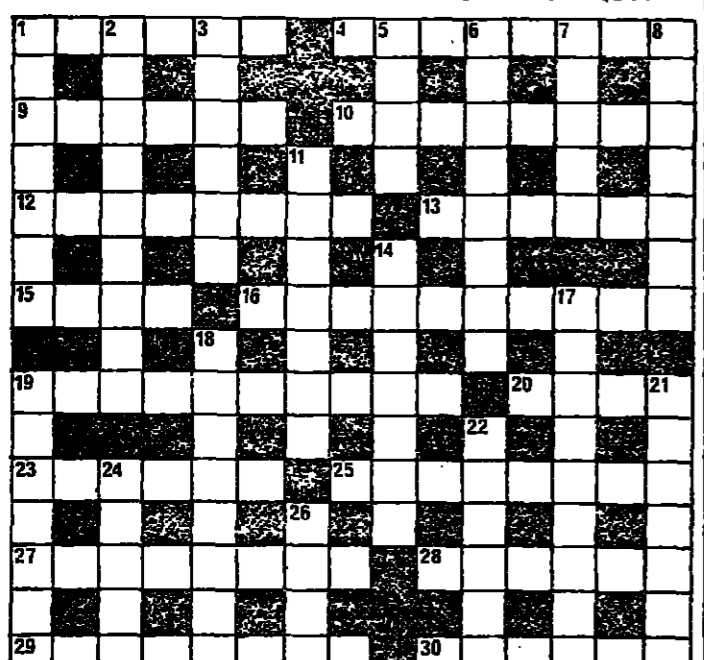
The best bet from the trio should be Bluebell, racing in the Elton blue and black colours of

## TV/Radio

† Indicates programme in black and white

**BBC 1**  
9.30 am For Schools, Colleges.  
10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.33 Regional News for England (except London). 3.55 News. 4.30 Jackanory. 4.45 Captain

## F.T. CROSSWORD PUZZLE No. 3807



- ACROSS**
- 1 Remains with army unit going to the east (6)
  - 2 Business-like though admitting an alter (8)
  - 3 Up-to-date fashion sailors follow (6)
  - 4 Ring the embassy, it could be an error (8)
  - 5 Spreading trey may be a juk (8)
  - 6 Great finish of internal-combustion engine (3, 3)
  - 7 Part of flute or other instrument (4)
  - 8 Sing about combining of substance? Just a little! (10)
  - 9 Patient in favour of animal and insect (10)
  - 10 Distorted lines creating a defect in speech (4)
  - 11 Nonentity with no trunk (16)
  - 12 SHAPE from U.S. army headquarters? (8)
  - 13 As certain troops and pollen may be, with no earthly connection (8)
  - 14 Report associate and talk about it (6)
  - 15 Fired one crowd of people to take legal action (8)
  - 16 Delighted with notice about goddess (6)
- DOWN**
- 1 Company with unusual claim may well droll (7)
  - 2 Communist communication could denote a holiday (3,6)
  - 3 Right in spite of spirit (6)
  - 4 Carry part of animal back (4)
  - 5 Delayed good man and rested outside (8)
  - 6 Join group of soldiers going to the east (5)
  - 7 Low fellow to support and follow (7)
  - 8 Abstract total going to contrary girl (7)
  - 9 Metal worker from the south is a disagreeable person (7)
  - 10 Gelatine is in drinking vessel (8)
  - 11 Rash leader left on Gateshead (8)
  - 12 Fail to accept insect and pigeon (7)
  - 13 Stupid person is soft in pate (7)
  - 14 Running water from master arrangement (6)
  - 15 Break into pieces right inside sculpture (5)
  - 16 Rising pungency of a fly (4)

**SOLUTION TO PUZZLE No. 3806**

ACROSS  
1. REMAINS  
2. BUSINESS  
3. FASHION  
4. EMBASSY  
5. TREY  
6. FINISH  
7. FLUTE  
8. SING  
9. PATIENT  
10. DISTORTED  
11. NONENTITY  
12. SHAPE  
13. AS  
14. REPORT  
15. FIRED  
16. DELIGHTED

DOWN  
1. COMPANY  
2. COMMUNIST  
3. RIGHT  
4. CARRY  
5. DELAYED  
6. JOIN  
7. LOW  
8. ABSTRACT  
9. METAL  
10. GELATINE  
11. RASH  
12. FAIL  
13. STUPID  
14. RUNNING  
15. BREAK  
16. RISING

## 10.45 Regional, National News.

11.30 The Late Film: "Dark City" starring Charlton Heston. All Regions as BBC-1 except at the following times—  
Wales: 1.45-2.00 pm Nant-Y-Pant. 5.55-6.20 Wales Today. 7.00 Heddidi. 7.30-8.00 Cawl A Chon. 10.15 Kane on Friday. 10.45-10.50 Regional and National News.  
Scotland: 10.25-10.45 and 11.05-11.25 am For Schools. 5.55-6.20 pm Reporting Scotland. 10.15-10.30 Regional, National News.  
Northern Ireland: 10.25-10.45 am For Schools (Ulster in Focus). 5.55-6.20 pm News. 10.15-10.30 Regional, National News.  
England: 5.55-6.20 pm Look East (Norwich). 6.20-6.30 pm Look North (Leeds). 6.30-6.40 pm Midlands Today (Birmingham). 6.40-6.50 pm South Today (Southampton). 6.50-7.00 pm South West (Plymouth). 7.00-7.10 pm Midlands (Birmingham). 7.10-7.20 pm North (Leeds). 7.20-7.30 pm North West (Manchester). 7.30-7.40 pm South West (Plymouth). 7.40-7.50 pm Midlands (Birmingham). 7.50-8.00 pm North (Leeds). 8.00-8.10 pm North West (Manchester). 8.10-8.20 pm South West (Plymouth). 8.20-8.30 pm Midlands (Birmingham). 8.30-8.40 pm North (Leeds). 8.40-8.50 pm North West (Manchester). 8.50-9.00 pm South West (Plymouth). 9.00-9.10 pm Midlands (Birmingham). 9.10-9.20 pm North (Leeds). 9.20-9.30 pm North West (Manchester). 9.30-9.40 pm South West (Plymouth). 9.40-9.50 pm Midlands (Birmingham). 9.50-10.00 pm North (Leeds). 10.00-10.10 pm North West (Manchester). 10.10-10.20 pm South West (Plymouth). 10.20-10.30 pm Midlands (Birmingham). 10.30-10.40 pm North (Leeds). 10.40-10.50 pm North West (Manchester). 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## FINANCIAL TIMES

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Friday October 27 1978

## Rigging the market

ONE OF THE less-noticed results of the continuing crisis of the dollar is that foreign inflows into the UK have started again. They have certainly not been on the massive scale which forced the authorities to abandon intervention a year ago, but they are still significant. These inflows, the counterpart of official support, have added some £300m to the money supply in the three months up to mid-September, and have certainly continued since then. We are in a modest way importing American inflation, and this certainly has something to do with the revived inflation fears in some quarters in the City. Intervention is bad for monetary control.

The motives of the authorities are understandable. We have welcomed the Government's broad commitment to a strong pound for the discipline it exerts on prices and, at one remove, on pay. However, one can clearly have too much of a good thing, as has been shown in widespread worries over the fact that we might enter a European Monetary System at too high a parity. We seem to have drifted back into the situation where efforts to maintain competitiveness in the short run by intervening in the exchange markets risks undermining it in the longer run through monetary inflation.

## Dilemma

This dilemma is of course much more vividly felt in the traditional strong-currency countries. In Germany monetary growth has been well above target, and Switzerland has adopted a deliberate policy of monetary inflation to slow the appreciation of the franc. Our own intervention may be seen as a response to larger intervention elsewhere—a regrettable necessity.

Sterling is a special case, however, for its scarcity in foreign markets is deliberately engineered. Exchange controls on capital movements not only remain in force, but are being enforced with the full rigour demanded by the 1976 crisis. Thanks to the prejudices of the Left, and something of a Singapore mentality among monetary officials, our defences are facing the wrong way.

The problem may appear a very marginal one at the moment, but it must be remembered that our own circumstances are at present abnormal. We are at the height of a con-

sumer boom: North Sea oil production is some six months behind expectations; wage costs have risen very sharply. If the effective rate for sterling has proved fairly robust in these circumstances (and of course a strong appreciation against the dollar has been permitted), the problems of a different situation can readily be imagined. Present forecasts suggest a strong growth of oil output next year, and a sharp slowdown in the rise in consumer incomes. The public support now evident for wage restraint makes it more realistic to hope for a slower rise in earnings. At the same time, action to expand demand and reduce surpluses in the strong-currency countries should be taking effect. Other things being equal, the underlying strength of sterling could well be maintained, even if the dollar stabilises.

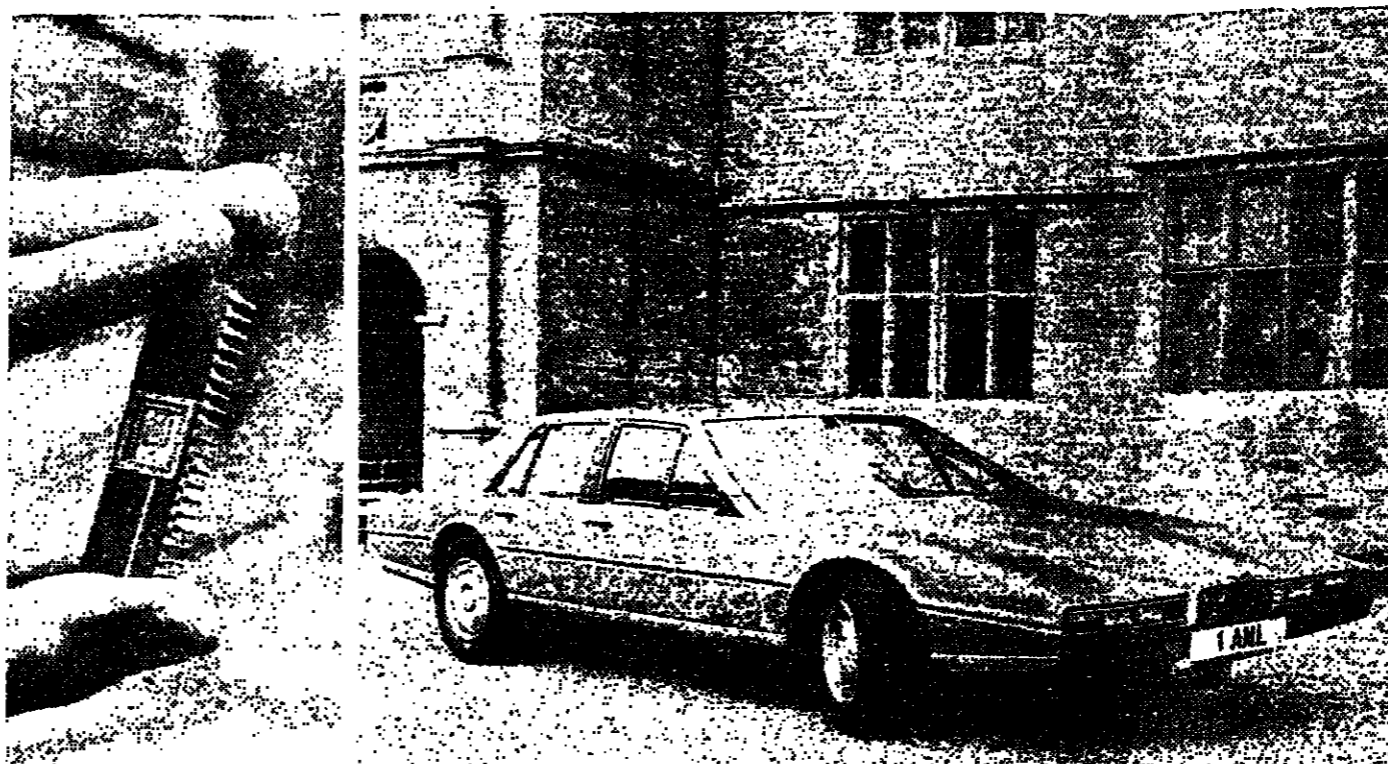
## Offsetting oil

The problem is much more easily understood if the uncertainties over the dollar are left out of the picture for the moment. A large improvement in the oil balance of payments, must make sterling scarcer unless it is offset in one or all of three ways: a deterioration in the non-oil balance; an outflow of official capital, by way of debt repayment or of additions to the reserves; or an outflow of private capital. If the last route is blocked, and the market rises, the authorities must either intervene, or watch our competitiveness erode far enough to produce an offsetting fall in net manufactured exports. This dilemma has been evident in theory since the potential of the North Sea became clear. Exchange controls potentially enforce a choice between inflation and industrial recession.

The progressive freeing of capital movements offers an escape from this unpalatable choice. The use of sterling, first perhaps to finance third-country trade and a good proportion of direct investment overseas would balance a current account surplus on capital inflows without adding to official sterling borrowing or the money supply. Sensible monetary and growth objectives would be easier to achieve. The change has no popular appeal, but it would work; and recent events should have convinced the Government that immediate popularity is worth risking in a sound cause.

## Cars accelerating towards a computerised future

BY MAX WILKINSON



The microprocessor (left) heart of car computer systems which may account for 10 per cent of a car's value by the 1980s. Right, Aston Martin's Lagonda, a pioneer in on-board electronics.

Before long, however, the keyboard might well also be used as a precaution against theft.

However, for the present, the main emphasis is on engine controls, which are being developed in the U.S. as the best way of satisfying government regulations on petrol consumption and exhaust pollution. The automobile industry has agreed to cut the fuel consumption of standard passenger cars by 40 per cent between 1974 and the end of the decade. Standards set for exhaust gases are also extremely stringent.

Computer control of the engine will help to meet these standards by ensuring that the air-to-fuel mixture and ignition timing are exactly correct for all conditions of speed, load, engine temperature and throttle setting.

Computers may also be used to control suspension so that manufacturers can produce a smaller car with the "big car feel" which Americans like.

But once the computer is installed for these basic functional tasks, manufacturers will be certain to harness its capability for cosmetic or market purposes. New types of instrument using a calculator type of display are beginning to appear. Different readings like speed, time, temperature or engine revolutions can be flashed onto the display by pressing a button. The 1978 Cadillac Seville in the U.S. and Chrysler's new Horizon SX in Europe, go one step further with a trip computer which can calculate fuel consumption, distance to the journey's end and even estimated time of arrival.

A more practical and relatively inexpensive use of the computer will be the diagnosis of faults by checks on, for

at least in the first few years. In the main, therefore, it is likely that European manufacturers will introduce computers only in their more expensive models at first. In the longer term, however, computerised systems are expected to become cheaper as well as more reliable than the mechanics they replace.

Manufacturers, therefore, have a strong incentive to develop the technology even while it is expensive to ensure that they are well placed to take advantage of the fall in price which further development and mass production of semi-conductors will make possible.

In Europe the development of computer controls is complicated by the fact that the major component makers, Smith, Lucas and Bosch, are independent of the car manufacturers. In the U.S., on the other hand, the component makers are generally subsidiaries of the automobile companies.

In the U.S. the impetus for change has come directly from the major groups, particularly General Motors, but in Europe it is not clear yet how accurately the requirements of the car manufacturers will be matched by the development of new computer-controlled products by their traditional component suppliers.

It may well turn out that semi-conductor manufacturers like Motorola will bypass the automobile component suppliers by selling complete electronic modules direct to the car makers.

If this happens on any significant scale, the semi-conductor companies will be under strong pressure to transfer more of their production to Europe to reduce dependence on American imports.

In any case, electronic com-

ponents, and particularly semi-conductors, are likely to contribute an increasing portion to a finished car's value.

In a recent study, Mr. Harry Rush and Mr. J. M. McLean of Sussex University Science Policy Research Unit, say that the top estimates suggest that electronics could contribute 10 per cent of a car's value by the 1980s and 30 per cent by 2000.

Even the more conservative estimates of about half these figures represents a large amount of revenue for semi-conductor companies.

Mr. Terry Mallarchy, head of strategic marketing for Motorola's automotive products group in Phoenix, Arizona, expects total sales of semiconductor to the U.S. automotive industry to be worth around \$280m by 1980. In the longer term, business could be much greater if automobile manufacturers take advantage of the wider potentialities of a computer.

The world-wide move towards electronics in the automotive industry inevitably raises the question of whether UK companies, particularly British Leyland, are keeping up with their competitors.

Mr. McLean and Mr. Rush suggest that UK manufacturers are taking an over-conservative approach. They say: "The industry does not yet seem to have considered what these potential product and process innovations and the rate of their diffusion would mean for employment, skills requirements and the competitiveness of the UK industry."

They believe in particular that UK manufacturers are unlikely to introduce electronic engine controls without the stimulus of legislation such as occurred in the U.S.

On the other hand, the talks between Motorola and British Leyland may indicate that the company is now taking micro-electronics more seriously.

Mr. Rush and Mr. McLean report that most of the research and development managers they interviewed appeared to believe that micro-electronics would provide new functions rather than replace mechanical devices.

They comment: "This seems to be a rather unorthodox view as many potential innovations, such as solid-state displays which do replace mechanical instruments, require far fewer moving parts and therefore less labour in their construction."

They add: "The major (UK) automobile manufacturers' attitude of 'proven technology' only may be a rational one considering the short-term financial position. However, long-term competitiveness would be affected if consumer preference favours the products of foreign firms which have incorporated micro-electronics."

\* "The impact of micro-electronics in the U.K." SPRI Paper No. 7 by J. M. McLean and H. J. Rush, Science Policy Research Unit, Sussex University.

## A case against cartels

THE European Commission is now examining ways of extending the so-called Davignon plan for steel into 1979. Detailed proposals are due to be submitted to the Council of Ministers next month. They are expected to include the continuation and perhaps reinforcement of the present controls over prices and production, together with limitations on imports from non-EEC suppliers. At the same time the European producers of synthetic fibres, encouraged by the industrial directorate of the Commission, are still hoping to obtain approval for their anti-crisis plan, which provides for agreed reductions of capacity and a partial sharing-out of markets. Although the circumstances of the two industries differ, the principle underlying these schemes is the same: that in capital-intensive industries, suffering from over-capacity, producers must be allowed to work together in order to reduce competition.

## Price rises

In both cases there is a potential conflict with the Treaty of Rome. But even if this obstacle could be removed, there are more fundamental questions which European Governments need to ask themselves about cartels and market-sharing arrangements. Is there any evidence that temporary anti-crisis cartels produce the economic results that governments want?

A forceful answer to this question is provided by Dr. Jan Tumil, Director of Research at the GATT Secretariat, in an article in the current issue of *The World Economy*. Dr. Tumil points out that in the EEC there are some 18 people employed in steel-using industries per worker employed in making steel, and some 27 in the textile and clothing industry per worker employed in producing synthetic fibres. "If enough industries are allowed to form cartels and these arrangements are protected against imports, their combined price-raising effects will cause a rise in the general price level and the restrictions of their output will bring about a general decline

in aggregate production and employment."

The proponents of cartels argue that their aim is to deal with the problem of excess capacity. But there are great difficulties about choosing which particular part of the industry's existing capacity should be scrapped. The cartel operates with the approval of governments; governments and the EEC are inevitably involved in determining which plants should be shut down.

It is unlikely, Dr. Tumil comments, "that strictly economic criteria will be used in the determination. Another important difference between the market and the negotiated, and partly political, solution is that the former, evolving from a decentralised initiative, would be piecemeal and tentative whereas the latter, being a laboriously balanced package, would leave little possibility for correcting errors of judgment as they are detected."

As experience with the Davignon plan has shown, it is difficult to make cartels work effectively. There are usually some producers who decline to play by the rules. An industry like steel, with its wide range of products and distribution channels, is too complicated to be easily disciplined. But the damage that can be caused while companies and governments try to make them work is considerable. First, they have the effect of delaying adjustment and modernisation. Second, they foster a collusive relationship between industries and governments which threatens to undermine the competitive system.

**Restructuring**

There are suggestions that the European Commission should be given greater power to restructure industries suffering from over-capacity. There is not much chance that the Commission, even if granted such powers, could exercise them effectively. But European Governments should prevent it from making the attempt. They should reject cartelisation and restrict the Commission's industrial role to that of maintaining competition.

## MEN AND MATTERS

## Bamberg flies to new horizons

Harold Bamberg is taking off again, this time into the glamorous world of cargo airlines. Ten years have passed since his firm, British Eagle, crashed but now he tells me that he is to spend £8m (about the debts British Eagle left behind) on two Boeing 707-320C fanjets. "We have been looking at eight planes in the last few weeks and I think we've found what we want," he says. He adds that financing is arranged and that he believes cargo traffic will soon be bigger than passenger trade.

The 34-year-old Bamberg's career began in Berlin almost 10 years when he bought a ramshackle Halifax bomber for £130. From this he built up his airline, selling it to Cunard Steam-Ship in 1960. He later bought it back but the introduction of £50 travel allowances and the loss of government troop contracts contributed to the airline being forced to close.

However, this setback did not deter this Freddy Laker of the early 1960s. He kept on his polo team called Eaglesfield and later branched out into property and investment with his firm Integrity Finance — though today will not disclose its net assets. But his main speciality has remained aircraft. One firm in the Bamberg Group represents the Beechcraft range of aircraft and each year it sells a dozen of its King Air and Super King Air 200 planes.

Bamberg describes these Rolls Royces of the executive jet market as the "ideal corporate hack." He is now competing against Cassina and others in a £40m contract for the Ministry of Defence. But he remains keen on his image and has arranged that wings and other components of the plane could be manufactured here, saying:

"People are sensitive to the implications of purchasing aircraft from the U.S."

## And lots of them

A Lancashire reader who was amused by the Monday Club's problems with basic English has sent me an advertisement from his local newspaper. Placed by a firm called Performance Plastics it demands "a young person" able to demonstrate not only "a high standard of literacy," but of "numerous" too. No previous experience is required.

## Striking claims

"Unilever workers throughout the world are either going on strike or taking other action this month..." began a recent statement by the International Union of Food and Allied Workers' Associations in Geneva about a campaign it is mounting on behalf of workers in the firm's South African factories.

The IUF's General Secretary, Dan Galin, tells me that the campaign has been the biggest since the IUF came out on behalf of unions in Peru "threatened by Nestle" in 1973. But Unilever itself has been reacting quite blandly. Its corporate conscience is clear, I was told, and the world-wide action none too troublesome.

Yesterday 900 workers at Unilever plants in Sweden and Finland stopped work for two hours. In the Netherlands senior union men met for an "information week" though production was not interrupted. And in Denmark and West Germany leaflets have been distributed.

At issue was whether Unilever would recognise the Sweet Food and Allied Workers' Union in South Africa. This operates under the normal conditions facing any union with black member-

ship in South Africa and the IUF has complained that Unilever will not negotiate with SWAPO. A year ago this only had about 10 per cent of the Unilever black labour force as its members but claims this proportion has since risen fast. Now Unilever says that should SWAPO recruit a "substantial proportion" of its employees and by substantial it means around 40 per cent—it would negotiate with it. It adds that already seven meetings have taken place between SWAPO and Unilever.

## Open house

Daniel Janner, the go-getting president of the Cambridge Union Society, is sparing no efforts to attract the news-worthy and notorious into his domain. Prince Charles is in the bag for November, and if a proposed visit by Richard Nixon now looks somewhat unlikely, Janner, 21, assures me that Indira Gandhi has agreed to come and talk to the students.

"I'm absolutely thrilled," says Janner, whose father Greville is Labour MP for Leicester West. It seems a former president of the union, Chapparr, had connections with the Gandhis and invited Mrs. Gandhi to speak in 1977. At that time she was still trying to hold on to power as Indian Prime Minister, and had pressing engagements nearer home. A year later she is intent on salvaging her reputation and political standing, and last week finally managed to secure permission from magistrates in Delhi to come to Britain. The avid Janner instantly cabled a fresh invitation.

Mrs. Gandhi plans to fly over on November 10, one day after a hearing at which she will explain why she refused to testify before a commission investigating the excesses of the Emergency Period.

With half a dozen grave charges of abusing power hanging over her, Mrs. Gandhi's participation in a rigorous debate should prove illuminating.

## Noisome visitors

If a tramp should come to your door you might have to search your conscience. He could be a debt-collecting wolf in cheap clothing, at least if the unsavoury new technique developed by businessman Peter Stokes catches on.

Stokes, who runs 12 printing and advertising companies, tells me that he has sustained the "normal amount" of bad debts and that one day, wondering how to reduce these, he was hit by the aroma and appearance of a tramp. He says that he has since tried "experimental runs," sending tramps to his creditors with instructions to sit around until paid or evicted. "It is highly effective," he says and he now has a new company, London Manhattan, which is trying this novel method.

Stokes plans to offer what he calls his Smelly Services Division's help to others but when I asked the Office of Fair Trading how they would react their comment was: "My goodness gracious me. Anyone who deals in smelly tramps can expect no sympathy from us. It is even more outrageous than sending round the 'heavies' I am pretty certain we would not licence any such debt-collecting agency."

The OFT also tells me that not just consumers but small companies such as partnerships or sole traders are legally protected from Stokes' men as he would need a licence to collect debts from them, even on his own behalf.

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Observer

# Why Britain balks at the supersnake

ESS THERE is a dramatic clash of heart by either the side of the West German Government, within the next few years, the chance of Britain joining the European Monetary Union when it comes into force in New Year are virtually nonexistent.

Reasons behind that state are not the conventional. It is not true, for instance, Mr James Callaghan, the British Prime Minister, and Mr. J. Healey, the Chancellor of Exchequer, are suffering from a nervous ailment and are reluctant to take on the wing of the Labour Party European question. On the contrary, if they could get the monetary system they would deal with the first and the Labour Government.

Second, the opposition of Anthony Wedgwood Benn, if he publicly received the joint meeting of the British and the German National Committee on Monetary Union, is not taken over-seriously, is not true either that there is particular rift between the West German Government and the Bundesbank. Suggests that the Bundesbank is its best to scupper the used system while Chancellor Schmidt is ready to scatter an credit all over Europe. They were allowed, are of the mark. The Bundesbank accepts that on its issue there are limits to its expenditure. Besides, there are people at the top of the Bundesbank, just as there are at the top of the German Government, who actually want British participation.

The real problem lies in the fact. It emerged from Mr. Callaghan's visit to Bonn last week, and even more so from the parallel talks between Mr. Healey and Herr Hans Matthöfer, the German Finance Minister, that the two views are as far apart as ever. The British and German approaches to economic policy are fundamentally different—so much so indeed that it is now officially recognised that the chance of the differences being reconciled in the short term are negligible.

## German view

Very briefly, official German thinking about Britain seems to go like this. The Germans are instrumental in securing the British IMF loan in 1976. That was an opportunity for a new start and for a time the opportunity was taken. But towards the end of 1977 the British began to fritter it away as public expenditure again started rising and the money supply to increase unduly fast. Chancellor Schmidt is said to have felt the disappointment personally.

As it happens, however, EMS offers the chance to begin again—but only if the British accept something close to the German terms. What this means in practice is accepting German-style economic discipline.

It should be said that there is nothing chauvinistic or nationalistic here. German advocates of British participation put their case with great humility: they believe that it would benefit Britain and if in the end the country does not join the German reaction will be one far more of sorrow than of anger—just as it will be on the part of Mr. Callaghan.

Yet there are certain

fundamentals on which the two sides continue to disagree. The Germans do not accept, for instance, the British argument that the German rate of inflation ought to go up in order to promote economic growth in the European Community. For a start, they regard their own fight against inflation as far from complete and one which becomes more difficult with time. They do not accept either that allowing inflation to rise itself encourages growth. On the contrary, by creating uncertainty it might well have the opposite effect.

Not least, the Germans reject completely the British thesis that it is necessary for German inflation to rise in order for inflation to come down elsewhere. Such a view is regarded not so much as suspect as demonstrably false. The outcome of a rise in their own inflation, say the Germans, would be to push up the Community average rather than bring it down and the effects would spread throughout the country's main trading partners.

What all this boils down to is that when it comes to details—a parity aid or a basket of currencies, or the size of a European Monetary Fund—the Germans are not terribly interested. The Germans are really talking about a principle: namely economic discipline which itself should contribute to economic convergence. Without that, the size of the proposed support fund, on which the British are putting some stress, is beside the point. If the discipline existed, the Germans would be ready to move on the fund, though at the

same time it would become less necessary for them to do so.

There is one other issue on which the British and German disagree, on approaches if not on aims, and that is the allocation of resources. The German monetary authorities take the view that this has nothing to do with them. The Common Agricultural Policy may be absurd—Chancellor Schmidt is said to think so too, though he has his qualms to think of—and the British contribution to the Community Budget may be unfair, but these are separate matters from the creation of a European Monetary System. If the British insist on simultaneous progress on all fronts, they will only run into difficulties.

There is also the very reasonable point, which must have occurred to Ministers and officials in London, that if the British do not join the monetary system, it will become more difficult for the CAP or the budgetary contribution, later. You cannot, after all, easily reject one part of the Community, then expect the Community automatically to come to your aid on other problems.

## Ironie

It has been suggested that it is somewhat ironic that the Germans are willing to take a risk with the French, and even the Italians and the Irish, that they appear unlikely to take with the British. As far as the French are concerned, the German answer is that the risk is not so much a German as a French or even European one. The rapport between Chancellor

Schmidt and President Valéry Giscard d'Estaing is very close. They are the political leaders of Europe and enjoy their role. Not since the days of Adenauer and de Gaulle has there been such Franco-German affinity. Both leaders are reasonably secure at home and need to be in power for many years to come. If they do not do something about turning Europe into more than a customs union, then who will.

Besides, the Germans are genuinely impressed by current French economic policy. True, the French inflation is higher than in Britain, and the balance of payments performance is not all that secure. But the French have ambition. They are prepared to take risks. They believe that they can bring their inflation down, and the Germans are inclined to accept that belief. It is not uncommon nowadays to hear Germans compare Mr. Raymond Barre, the French Prime Minister, to Ludwig Erhard who, like Mr. Barre, was a non-party politician and who brought about the German economic miracle.

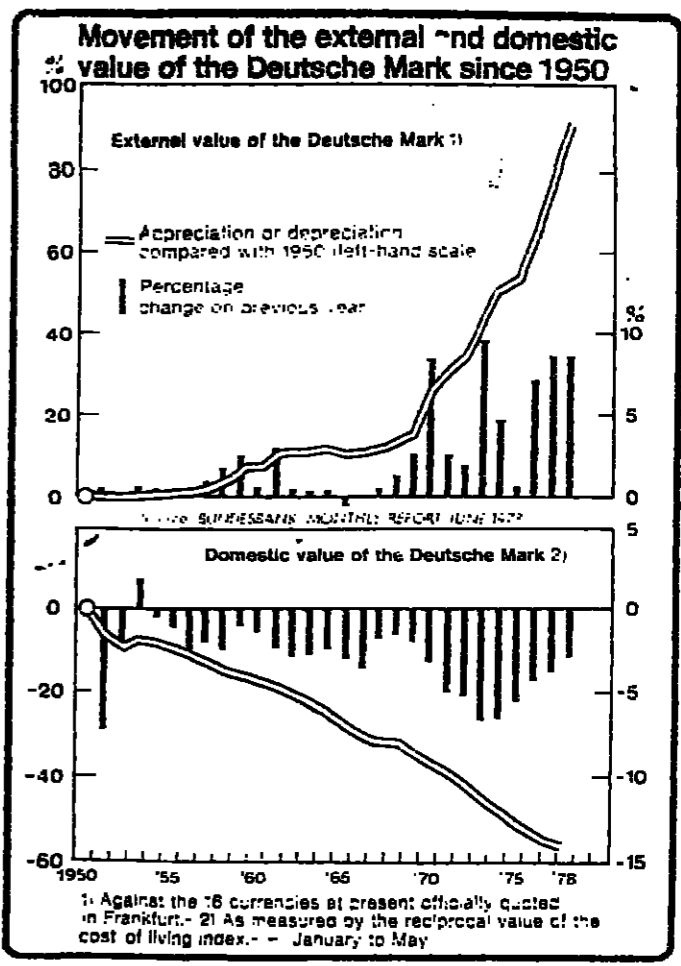
As for Italy, it is a problem. Quite clearly, there is no longer any German-Italian love affair. Equally clearly, there is no strand of opinion which would prefer the Italians to opt out of the proposed system, at least for the time being. On the other hand, there is some feeling of responsibility. Italy is, after all, part of Europe and one of the original six. At the same time, some Germans have been impressed by the country's apparent willingness to join. In particular, they are impressed by the Italian Government's desire to use

membership of the monetary system to exert discipline at home, even if, as is considered quite possible, it might have to opt out later. It is precisely that desire which is seen to be missing in Britain.

If one asks about Ireland, the answer is: "yes, why not?" The Irish inflation rate is high, but the Irish Government says that it is less so than the present example of Denmark. The present snake has shown that small currencies do not create too much of a problem, even if the rate of inflation is way out of line with that of the rest of the club.

Returning, however, to Britain, there appears to be one school of thought which believes that a successful deal might still be negotiated. Mr. Healey, for instance, is still arguing for the "loser" system of tying the exchange rate to a currency basket rather than the parity grid preferred by the Germans and now apparently more or less accepted by the French. Dr. David Owen, the Foreign Secretary, has placed some emphasis on the coming series of bilateral talks with the French, the Italians and the Irish, presumably in the hope that a united front can be formed to persuade the Germans to change their position. Yet it seems unlikely, if only for the reasons given above. The Germans are talking about principles, not details. The argument is about fundamentals, not technicalities.

It is, of course, possible that even at this late hour the British Government could itself change its mind and accept the German thinking. But that too seems improbable. Mr. Callaghan is again showing his



caution, as he did when he declined to go to the country this month despite having a not unreasonable chance of winning.

In these circumstances, perhaps the best that can be hoped is that thought is now being given to a fall-back position. If the British, for reasons of their own, cannot bring themselves to enter a European Monetary System now, they could at least be preparing the conditions for doing so in the future. For if the system succeeds, the political and economic consequences of non-participation could be serious indeed. Not only would it confirm Franco-German leadership in Europe; it would

further weaken Britain's bargaining position in the Community, and it would deprive the British economy of support in times of trouble.

If the assumption is correct that the negotiations on British membership are doomed to failure, then the manner of the breakdown will be important. It will be essential that we can pick up the pieces, declare our intention to put our own house in order and readiness to join later. In short, it is time for an exercise in damage limitation, and not in recommitments.

**Malcolm Rutherford**

## Letters to the Editor

# Logistical disasters

## The Prospective Liberal Parliamentary Candidate for

—The end of the Christmas must point out the urgent to bring in international of the road for the sea around on and it also to the need for a 'police' to enforce such rules powers to act against ships and owners who dis such rules. The recent of Commons Select Committee on the sea already ous position of the English eed abundantly clear— r problems occur in most estuaries. It may even necessary to arm such a police with anti-tankers.

However, only one of rge, dangerous loads carry ships today: liquefied gas and liquefied petrochemicals, tetraethyllead and sulphide are all lethal. n accident of this kind could result in a disaster arge proportions unless ational agreements are d, swiftly.

It is reliably informed that would explode with the 100 tons of hydrogen and moreover such an n could be set off by a rorm. A carbon dust-explosion in a port could n a whole city.

It is also true that tetraethyllead is far more serious. s, tetraethyllead is that eed added to petrol at the e of a couple of drops per it is transported by sea in tittles of 1,500 tons, an t at sea with this sub could result in the des n of all the fish in the Sea, the poisoning of the coastline together with n-tern danger of the eed poured into the food.

The effect of such an disaster cannot be sed—the sea would e poisoned for years.

The present unsatisfactory of dealing with accidents ing and delaying and e responsibility. For while attles go on, the effects disaster continue. Govern- must have the power to fast Legislation the Government power to ickly is not likely to be ut this Government, with ight of evidence already ead, that authority over ean partners, if it means e ships (apart from such as tetraethyllead ependent on their proximity ead, that authority available—the destruc- the Torrey Canyon and eal V gave good results e the decision was finally e certainty of such a disaster rring is increased daily e present lack of reasonable e cry of "it cannot e" is going to seem a e response to the other strikes. We are thinking—and acting e unthinkable.

Mr. R. Cassidy, 30, London Wall, E.C.2.

# Coming a heckle

Miss J. Cassidy, 30, London Wall, E.C.2, Mr. Rutherford on the depressing e of the building industry e 20), and am very sur- ly his question as to "why d take three years to eoricklayer when some of e government training pro- s now do it in six e." Does he seriously e that a trainee after six

months at a training centre could be expected to undertake the work of a fully fledged bricklayer?

Further, he seems to suggest that it should be possible to train a man to become a bricklayer, plumber and carpenter at the same time and within the same apprenticeship. I would be interested to know what sort of industrial organisation could undertake this sort of intensive combined apprenticeship training, and where they would find foremen and supervisors who could impart three separate crafts within one short apprenticeship period, and turn out a competent craftsman simultaneously in each skill.

Perhaps I underestimate the capabilities of the average worker in the building industry when I suggest that it is a pretty tall order to expect a person to become a bricklayer, plumber, carpenter and joiner in apprenticeship a thorough practical working knowledge of three separate branches in the construction industry; nevertheless I feel that Mr. Rutherford should do a re-think on this aspect of the problem, rather than advocate something which is likely to worsen instead of alleviate present labour difficulties in the industry.

Expecting one operative to have competent adequate skill in three important branches of construction work would certainly create problems in trade union circles, quite apart from efficiency, safety standards and other related considerations. I am a high and ardent employer, and in my view no responsible employer is likely to favour this idea.

Isobel Cassidy,  
30, Chadstone House,  
Hilton Road, N1.

# Currency reserves

## Mr. W. Platt.

Sir,—My object in commenting (October 16) on Mr. J. Finlay's original letter (October 12) was to correct an apparent misconception by pointing out that a non-resident holding of sterling represented a contingent liability on the UK's foreign currency reserves. That is a fact which Mr. Finlay acknowledges even if Mr. T. S. Torrance (October 21) does not.

It is also true that the more non-resident owned sterling converted into foreign currency, the greater the call on the UK's reserves and, in a floating rate situation, the greater the downward pressure on the sterling exchange rate unless the Bank of England intervenes to "dirty the float," although there are of course other factors which may tend to obscure this underlying process.

Mr. Torrance stated that without foreign currency reserves we could not pay for imports which is a fact, like it or not. It might also be worthwhile mentioning that at the end of June the UK's official foreign currency holdings were greater than the official reserves—a salutary fact which for me, at least, serves to put Mr. Finlay's house in Spain into a proper perspective.

The letter was not an attempt to justify exchange control but simply to set the facts straight and that is all I plead guilty to. In this context, it was irrelevant as to whether the Government or anyone else considered exchange control necessary in an existing economic condition. That is a matter of opinion not fact.

W. P. Platt,  
30, London Wall, EC2.

# Comparative effort

From Mr. P. Spence.

In your editorial on October 23 you came out with the odd statement that even with a

1969 increase the British motorist would still be paying considerably less for his petrol than his counterparts elsewhere in Western Europe.

I am a customer of an international company I am in a position to make a direct comparison as I know to the penny what my salary would be if I returned to doing the same job.

I can assure you that even at the low price of 72.5p per gallon I could have work 36 per cent longer in UK than in Germany to earn the cost of a given quantity of fuel.

This is what really matters. Forget the distorted view given by the weak state of sterling.

Spivey.

Telegraphist Str. 73.  
3064 Rderath, W. Germany.

## Petrol tax

From Mr. J. Wilkinson.

Sir,—You state (October 21) that the small mileage (under 10,000 miles a year) motorist will benefit from the switch from par licence (£50) to petrol tax of 18p per gallon.

You must have got your sums wrong. The small mileage motorist has probably 90 per cent of his mileage in home-to-work driving, perhaps averaging 25 miles in town.

At this basis we have 10,000 miles at 25 mi. x 18p extra petrol tax = £76 per annum.

Jack Wilkinson.  
Brookfield Drive.  
Long Stoughton, Cambridge.

## Road tested vehicles

From Mr. W. Murray.

Sir,—The consideration of driving away from annual road tax in favour of 20p or so extra in each gallon of petrol has much to offer.

The present road tax system, however, has one major factor to commend it—it does ensure a wide range of bulk of vehicles in the road are both MOT-tested and insured as one needs to produce the relevant documents in order to acquire the road tax disc. Once tax disc is obtained, it is stimulating and witness increasing numbers of uninsured or even unroadworthy drivers in far from undesirable vehicles—a situation which does society in general a great disservice.

By all means explore the potential of eliminating road tax but please be mindful of the wider implications.

P. Murray.  
The Old Rectory Cottage,  
Hastings Lane, Tardbuckle,  
Bromsgrove, Worcs.

## Tourists expect local products

From Mr. P. Shackelford.

Sir,—Mr. J. Kellip (October 18) grants that whilst a major export earner for Britain, but asks: "... do not tourists themselves consume the food they export? Do they save their 'take home'?"

Surprisingly enough, indeed, numbers of tourists do expect to be served local products in the hotels they are visiting—and rightly so.

Effective advertising aimed at motivating tourists to discover local cuisine and local products is in and is proving of great benefit in stimulating and encouraging such demand—not only in Britain but in developing countries too.

As for souvenirs, surely the presence of such goods is that they should reflect local skills and craft traditions. On that basis, home produced items have an undeniable emotive edge.

Even if, as Mr. Whalley seems

to fear, tourists to Britain end up buying imported cutlery (or watches, cars or cameras), the value-added in the retail transaction accrues in the seller in Britain and not otherwise.

Have no fault in the deal.

Mr. Whalley might like to know that Britain (like Spain) is highly regarded in the tourism league for the quantity and variety of goods she supplies to overseas visitors. The British Tourist Authority estimates in its report for the year ended March 31, 1978 that one quarter of Britain's exports of quality clothing and footwear were attributable to visitors—no mean achievement for the markets.

And if, as may happen, tourists from the Continent expect to be served bottled sparkling mineral water in their hotels, they may take refreshment in the thought that your country produces it.

David Thomas (October 18) will be only too pleased to supply them with a Lincolnshire source of the product.

Peter Shackelford.  
Calle de Morrellano  
Santa Maria 4, Madrid 16, Spain.

## Insider dealing

From Mr. S. Penkell.

Sir,—The Banker (October 24) bites the nail on the head when he refers to the "few cracks." It is precisely because there are few, who are not necessarily directors or employees of the companies, that every crack in the table is taken to be the innocent majority are not put on trial.

Executive directors must always be presumed to be in possession of information not in the public generally available to shareholders or the Market, and it is conceivable that a director may, for reasons other than profit taking or loss avoiding, be obliged to sell when in possession of price sensitive information, and so render himself liable to prosecution, or at least having to prove a negative intention.

The code of conduct which will be issued by the Stock Exchange requirements for listed companies should be adequate in as much as it prohibits dealing without first disclosing intention to one's fellow directors and obtaining approval, and requires disclosure to the Stock Exchange.

The proposed enactment will make directors and executives think twice before investing in the shares of the company in innocent transactions of themselves or their kind could be misinterpreted.

Incidentally, no one has yet suggested how one deals with the insider who on receipt of price sensitive information, intending to sell, refrains from so doing and presumably becomes an insider non-dealer.

S. W. Penkell.  
158, Finchchurch Street,  
EC3.

## LNG storage and safety

From Mr. J. Kellip.

Sir,—I was interested to read in the article by Kevin Dooke (October Review, The North Sea, October 20) on two reports being studied by the Government on the collection of gas at present being wastefully flared in the North Sea.

It is stated that both reports are feasible but does not once mention the dangers of storing liquefied natural gas at shore installations such as Canvey Island.

The Health and Safety Executive has just announced a ban on using gas within one kilometre of the methane terminal on Canvey Island—this would prevent perhaps 1,000 W

people moving into the area, but what of the 30,000 residents already living there? I would suggest that this idea, which is obviously ridiculous, and totally unsatisfactory, is the forerunner to the terminal being shut down completely.

There are many articles on LNG in your newspaper but I would suggest the safety aspects of this most hazardous material be coupled with the commercial aspects to give readers a true picture of what is happening in this industry.

J. Kelly,  
20, Ferrimond,  
Canvey Island, Essex.

**Benefits on the fringe**

From Mr. R. Lancaster.

Sir.—I fear that *Ann and Matters* (October 25) gives a misleading impression of the pensions treatment of fringe benefits. The actual position is that benefits in kind may be taken into account, when determining final remuneration for pension purposes, when they are assessed to tax under Schedule E but normally not otherwise. It is no part of my business to justify this, but the Revenue's logic seems to be that if benefits are not income for tax purposes then they should be similarly regarded for other purposes—especially having regard to the tax advantages of pension schemes.

Applying this to your original story, if your reader has a company-provided new 2-litre Cortina and is in "higher-paid employment" (broadly meaning what his total emoluments including benefits exceed £7,500) when the car has a taxable value of £380 which can be taken into account, it is difficult to comment on the other benefits without knowing the tax treatment negotiated in each case. Whether the employer chooses to pension such benefits is, of course, another matter.

R. Lancaster,  
14 Naper Court,  
Rushleigh Gardens, SW6.

**Selling to Japan**

From Mr. T. Wainwright.

Sir.—Mr. Austen Abou (October 21), winning wars from his ranch in Sussex, has evidently never tried selling to Japan. If he had, he would have found that any product which has any detrimental effect on employment in that country will, by various invidious means, be banned.

A. Wainwright,  
Liggins, 8 Hemstedge Drive,  
Weyford, Berks.

**The Reverend gets a rise**

From Canon R. Marchant.

Sir.—I do not see why *Observer* (Oct. 24) singles out the Church of England for special attention. The other incomparable body in Britain, the Church of Scotland, at its General Assembly last June agreed to a proposed 25% rise in the Church to follow any Government guideline lacking the force of law. It has subsequently fixed its minimum stipend for next year at £3,600, a rise of £640 on this year, or over 20%.

I am officially told that if my stipend (which is the diocesan minimum) for next year had risen in line with the cost-of-living index since the Church Commissioners first issued salary levels in 1972, I should have a salary of £700. I am getting one of £600.

A. Marchant  
Arlfield Vicarage,  
Woodbridge, Suffolk.

National Economic Development Council—in further talks with Ministers on pay and price controls.

Ford Motor Company expected to raise pay offer above 8 per cent to its 57,000 striking workers.

Emergency meeting of Humber Bridge Authority to answer questions on bridgebuilders' consortium.

Thorn Electrical Industries expected to close refrigerator and freezing factory in Hartlepool, Cleveland, with loss of 400 jobs.

Mr. Olo Ullsten, Sweden's Prime Minister, heads Government delegation in Oslo for talks on problems of Volvo deal by Norway.

Pugeot Citroen team on UK study tour of components market.



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# Today's Events

London Chamber of Commerce and Industry trade mission to Iraq, supported by British Overseas Trade Board (ends November 3).

Countywide Commissioners, including Lord Winstanley, the chairman, begin weekend study tour of south and west Yorkshire coalfield areas.

Queen Victoria Licensed Victuallers School, Slough.

Prince Philip on visit to University of Leeds-Industrial Unit of Tribology.

Mr. Peter Vaneek, Lord Mayor of London, attends Oyster Feast, Town Hall, Colchester.

Museum of London luncheon lecture by Mr. Howard Colvin on "The Tudor Place", London Wall, E.C.2, 1.04-1.45 p.m.

## COMPANY RESULTS

Final dividends: City and Construction Holdings. Elecco Holdings. Interim dividends: Asystura Metal Products. Berec Group. Clayton Son and Co. Francis Industries. John Laing and Son. Minor Steel Products (London). Senthil Anglo Indian Investment.


Interim figures: House Property Company of London.

## COMPANY MEETINGS

10.30. Alderbrook, E.C.2. 11. Guinness Pet. Winchester House, E.C. 10.30. Christopher Moran, Sactor Hotel, 10.30. Plumber, Rye. 11.00. Wharf, Erith, Kent. 12. Wilson Walton Engineering, Winchester House, E.C. 11.

## SPORT


Golf: Middlex's Matchplay Championship. The Belfry: Racing. Doncaster, Newbury and Perth.




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# COMPANY NEWS

## Minet ahead 16% midway and sees good result

PROFITS BEFORE tax of Minet Holdings rose 16 per cent to £3.42m in the half-year ended June 30, 1978 and the directors are confident the group should achieve a satisfactory growth rate for the year.

The growth forecast is in spite of the fact that exchange rates have not yet stabilised and assuming no further unforeseen circumstances arise, the directors say.

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Border Brews.	21	1	Pullman (R&I)	20	6
British Assets	21	1	Schroder Fund	21	2
Coral Leisure	20	1	Sheepbridge Engrg.	22	1
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Electronic Machine	21	5	Trust Union	21	6
Geers Gross	22	2	Twinkl	20	4
Glaxo Hldgs.	21	2	Walker & Homer	22	1
Gordon (Luis)	20	1	Wire & Plastic	20	5

is lifted from 2.0625p to 2.3031p and a final payment is proposed which will take full advantage of the 1978 Dividends to 9.39p. The interim dividend



Mr. John Wallrock, chairman of Minet Holdings... income from brokerage jumps 25 per cent during the first half.

## Twinlock makes strong headway at interim stage

Twinlock has achieved profits before tax of £404,000 for the half-year to September 1, 1978. Dividends, including those on preference shares, cost £278,823 (£250,310).

The directors say the achievement of the current level of profit is particularly encouraging as the profit attributable to N.V. van Dorp and Co. is no longer included. In the period, with the co-operation of the van Dorp Board the holding was reduced by half from 20,716 shares to 10,358 shares, thereby releasing £433,000. The proceeds of sale have been reinvested in assets directly employed in Twinlock's own trading.

The greater part of the year's profit is traditionally earned in the second half of the year, the directors say. At present, the favourable trends in both profits and use of funds evident in the first six months of 1978, caused mainly by inadequate factory performance and reduced public expenditure programmes in several major markets.

The outlook for the rest of the year is poor by past standards, the directors say, though there are indications of a modest revival in some fields.

The net interim dividend is stepped up from 1.7p to 1.9p and there is an additional payment of 0.031p in respect of 1977. The total last year was 5.075p from pre-tax profits of £1.96m.

Following an advance from £0.64m to £0.84m at the interim stage, pre-tax profits of S. Simpson finished the year to July 31, 1978 ahead from £1.5m to £1.91m. Stated earnings for the 12 months are 14.2p compared with 11.93p and the dividend total is

## Henry Boot hit by housing losses

A £181m turnaround from £97,000 profits to a pre-tax loss of £836,000 is reported by Henry Boot and Sons for the first half of 1978. Turnover was £3.15m higher at £36.64m.

The directors warn that the payment of a final dividend, must remain most uncertain. First half earnings per share were nil (8.7p), although the interim is maintained at 2.5p net per 50p share—last year's final was 6.833p.

When reporting lower 1977 profits of £2.01m (£2.35m) the directors said they remained confident in the group's ability to continue its planned expansion to achieve more satisfactory profits.

They now say that they expect the effect of the current setback will be contained within 1978.

The adverse results, emerging from Local Authority housing contracts in the Midlands region, proved to be worse than expected, necessitating increased provisions for losses which have overshadowed the total performance of the group's construction activity.

In spite of continuing pressure on margins, elsewhere the activity is generally profitable, the directors add.

The engineering and foundry activities are trading satisfactorily and moved into profit and the joinery activity is expected to be in overall profit by the end of the year.

The agricultural equipment activity is suffering from a recession in farm machinery sales and is not expected to be profitable in 1978.

There is no tax charge for the period, compared with £308,000 last time.

comment

Henry Boot's first half results are a disaster, coming just five months after the directors expressed confidence that they could continue the planned expansion of the group and achieve more satisfactory profits.

The engineering and foundry activities are trading satisfactorily and moved into profit and the joinery activity is expected to be in overall profit by the end of the year.

## Wm. Press tops £5m mid year

FOR THE first half of 1978, turnover of William Press and Son rose £14m to £106m and taxable profits climbed from £4.03m to £5.13m. The directors say group trading continues to be satisfactory.

Half-year's profit includes £395,000 arising on property sales, after a tax charge of £2.58m (£2.06m) and minorities, available surplus improved from £1.97m to £2.4m.

The interim dividend is lifted to 0.4675p (0.4p) net per 50p share, costing £559,000 (£478,000)—for 1977, payments totalled £837.5p on peak £9.58m profits.

With regard to the inland Revenue investigation into certain tax matters in relation to the company, the directors say the position remains as reported in the 1977 accounts.

Then, they said that in the absence of any information as to whether any claims would arise in this respect, no provision had been made in the accounts.

No past unpaid tax liability was admitted by the company, but if a view was taken of matters under review, then the overall cost to the company would seem unlikely to exceed £2m, they added.

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The share rating of William Press has largely been overshadowed this year by inland Revenue investigations. Interim profits this time are more than a quarter better on sales 15 per cent higher. Stripping out the

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## Coral Leisure restructures UK banking arrangements

Coral Leisure Group has restructured its UK banking arrangements, by converting a substantial amount of its short term borrowings to a medium term basis.

A consortium of banks headed by Barclays Merchant Bank have provided Coral with a £20m secured four and seven year loan facility. Of this amount the company has already called on a

£10m four year loan and £10m of a £20m seven year facility. This medium term loan will ensure adequate facilities for the immediate future while at the same time give some saving on interest charges. On the annualised basis the saving could be in the region of £100,000 to £150,000.

In an interim statement the directors report that overall

## Louis Gordon Group making progress

IN LINE with its traditional trading pattern, the Louis Gordon Group has incurred a loss in the first half of 1978—£260,000 against a £283,000 deficit in the same period last year, after interest of £242,000 against £270,000.

Turnover improved from £3.58m to £4.23m reflecting an increase in sales of Domesbury sherry together with progress with most other products. Sales of Domesbury Domain Rioja, Graham's Port and Glaxo have been particularly satisfactory, the directors say.

The board has explained to shareholders that the first six months usually account for less than one-third of the group's business and the greater part takes place in the last quarter.

The group is a subsidiary of Pedro Domecq.

Receiver for Smith and Pearson

Continuing trading losses and the poor overall financial position of the company has forced the Board of Smith and Pearson to ask its creditors to put in a Receiver.

Smith is a metal fabricating company operating in both South and Northern Ireland and has been loss-making virtually since 1974. The move comes as some

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## Wire & Plastics slips at halftime

Having made a disappointing start to the year Wire and Plastics Products ended the first half of 1978 showing a decline in taxable profits from £162,354 to £148,569 on sales up £24,327 to £908,324.

However, in June the directors said they were confident the figures and at least maintain dividend. Last year profit was a record £347,000.

The net interim is raised to 0.9p (0.8p) per 10p share. Last time the final was 1.34p.

Ta. for the half year took £73,196 (£91,138) leaving a net balance of £73,373 (£81,415).

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## Blackwood Hodge up in Canada

With results from Canada sufficiently in line with expectations the directors of Blackwood Hodge sticks to their earlier group forecast of pre-tax profit of not less than £18m for 1978.

Blackwood Hodge (Canada), in which the group has a 75 per cent equity interest, reports pre-tax profits ahead from £31.04m to £31.45m for the nine months to September 30, 1978. Sales were £31.5m better at £383.19m.

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## John Crowther higher in first half

Following a loss in last year's second half, John Crowther Group, woollen textile manufacturer, in increased pre-tax profits from £24,323 to £122,438 for the first six months of 1978. For all 1977 a £237,678 deficit was incurred.

Half-year turnover was little changed at £2.78m against £2.78m. Profits were struck after depreciation of £72,481 (£82,613) and reduced bank interest of £80,219 (£103,857). No tax charges arise with the exception of ACT.

The directors say they do not consider prudent to make any forecast under current conditions. The company does not pay interim dividends—last year's single net payment was 0.65p net per 25p share.

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## I don't want to move, I want to expand here!

Expansion in the South East of England can be quite a problem. The Hunting Gate Group have been acquiring land, obtaining planning permission, financing, designing and building for well over 30 years. At Hunting Gate's Hertfordshire Headquarters development projects have been successfully conceived and completed for names such as

BOC Ltd, Robert Bosch Ltd, DuPont Company (U.K.) Ltd, International Computers Ltd, Motorola Automotive Products Ltd, The Goodyear Tyre & Rubber Company (G.B.) Ltd, throughout the South of England.

With a 100 strong team of professionals, architects, surveyors, developers, lawyers and engineers Hunting Gate Group offer their

clients the complete development team. Our 'land bank' could well have the site you've been so long seeking ready and available for start. Contact: J. P. Walters ARICS, Developments Director, for details.

## Hunting Gate Group

4444

develop and build the professional way

0462 4444

This statement has been issued by S. G. Warburg & Co. Ltd. and Robert Fleming & Co. Limited on behalf of William Baird & Company Limited. The Directors of William Baird & Company Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and jointly and severally accept responsibility accordingly.

## TO SHAREHOLDERS IN DAWSON

### YOU SHOULD ACCEPT BAIRD'S OFFERS

### BEFORE 3 P.M. TODAY

- Dawson is a cyclical company
- You can move into the more broadly-based Baird group
- You can exchange or realise your investment at a high point in Dawson's cycle
- The Offers will not be increased

Acceptances should be received by  
Grahams, Rintoul & Co.  
at 105 St Vincent Street, Glasgow G2,  
or at 28 Ely Place, London E.C.1  
BEFORE 3 p.m. TODAY

THESE ARE BAIRD'S FINAL OFFERS

Wm. Press  
£5m mid

Financial Times Friday October 27, 1978

# British Assets ops £4m

er interest and expenses... at £1,408,000, against... £2,200,000 revenue of... £400 in a record £4,000,000 for... to September 30, 1978... prior charges deducted at... net assets per 25p share at... and were up from 98.12p to... or from 88p to 98.12p fully... ax took £1,500,000 (£1,438,000)... ing earnings per share 0.2p... at 2.46p or at 2.42p... if fully diluted, a four... fourth quarterly interim... of 0.03p net 11/16, the... l by 20 per cent to 2.4p (2p)... comparative figures have been... ated.

# Downturn at Border Breweries

IF PWR summer weather in... day areas and continued high... employment affecting trade, the... nated profits of Border... eries (Wrexham) are down... £485,000 to £482,000 in the... year ended August 31, 1978... vent trade does not indicate... the second half will produce... great improvement and the... of cannot foresee any substan... increase in profits for the... ie interim dividend was 10 1/2... n 0.99p—the total last year... £100m from pre-tax profits... 0.99p.

# Mucklow off to good start

CURRENT year at A. and J... low Group has begun well... r the impacts of the 500,000... t factory construction pro... me which is running ahead... its two-year schedule. Mr... Mucklow, the chairman, says... s annual statement... vestment income should show... rther significant increase in... year reflecting both the... rise on rental and rent... s due this year on some... sq ft of the existing prop... At year end the group had... sq ft developed and let, an... of 0.4m sq ft.

# W. Thorpe profit increase

W. Thorpe, Birmingham... maker of "Thorlux" light... equipment, reports increased... over of £3.03m against £2.05m... pre-tax profits up from... 1982 to £676,153 in the year... d June 30, 1978... e year's turnover (includes... of £12,043 compared with... 1977... e final dividend is 0.97p... (0.95p) making a total of... against 1.44p previously.

**Burns-Anderson Limited**  
Industrial Holding Group

9, St. John Street, Manchester M3 4DW  
Telephone: 061-832 8484 Telex: 686116

\* Profit before tax increased to £620,920 from £433,453.

\* Earnings per share increased to 11.2p from 7.0p.

\* Dividend increased by maximum permitted and cover increased to 7.7 times.

\* Nett assets increased to 62.4p from 48.9p per share.

\* Group liquidity improved by £884,000.

\* Proposed Capitalisation issue of one for one.

# McKechie holds £15m on good UK business

A SECOND half upturn in tax... able earnings from £7.48m to... £7.97m by McKechie Brothers... left full time profit for the year... to July 31, 1978, only marginally... down at £15.55m, against £15.79m... Sales were up £3.1m at £125.7m... The directors explain that... better results in the UK more... than compensated for adverse... conditions overseas.

# Glaxo sees further growth

GREAT opportunities for advance... are possessed by Glaxo, and... though its growth rate must vary... time to time the trend is... progressive and expected to... remain so, Mr. A. E. Bide, the... chairman, tells members.

# Schroder Property Fund value up to £40m

ITS seventh year the Schroder... Property Fund has reached the... £40m mark, says Mr. A. E. Bide... and Charles, increased its... subscriptions by 52 per cent to... £36.5m and doubled its property... holdings to £31.1m. The total... value of the fund at its July... year-end was £40.4m, and with... new subscriptions now running... at around £1m a month.

**Ecclesiastical Insurance**  
climbs midyear

With a recovery from a £82,000 loss to £36,000 surplus on the 1977, price. Those among the 182 pension fund and charity subscribers who held the units over the whole year have seen a total return of 20.7 per cent in the year.

\* Profit before tax increased to £620,920 from £433,453.

\* Earnings per share increased to 11.2p from 7.0p.

\* Dividend increased by maximum permitted and cover increased to 7.7 times.

\* Nett assets increased to 62.4p from 48.9p per share.

\* Group liquidity improved by £884,000.

\* Proposed Capitalisation issue of one for one.

# BOARD MEETINGS

The following companies have... Board meetings to the Stock... Exchange. Such meetings are usually... held for the purpose of considering... dividends. Official indications are not... available as to whether dividends are... to be paid, and the following... shown below are based mainly on last... year's information.

# comment

A second half pre-tax profits... advance of 18 per cent at... McKechie almost makes up for the... first half shortfall leaving the... year virtually unchanged. The... full year total includes a boost... to profits of £900,000 from... exchange movements, but that... side there are some interesting... movements within the profits mix... Operating profits from the UK... rose by £2m to £5.5m offsetting... the setback of a quarter from... South Africa, New Zealand and... Australia. The drive in the UK... came from the consumer and... plastics division where operating... profits were more than trebled... from £0.8m to £2.9m, and though... this includes about £1m from... acquisitions (£0.7m in the second... half) this end of the business has... obviously been far more buoyant... than the metals side where UK... profits were marginally down at... £5.6m. While the picture overseas... was gloomy last year South Africa... showed some signs of better... trading in the second half... Although New Zealand and Aus... tralia were down, the UK's... overall McKechie is looking to a... steady improvement this year with... the possibility of a similar growth... has now been reversed and a... half of 1977-78. So over £15m pre... tax is possible this time round. At... 91p the historic p/e of 38 and... yield of 8.5 per cent looks reason... ably attractive even with some... fears over South African earnings.

# comment

Electronic Machine's £130,354... second half loss is right in line... with the company's forecast at... the interim stage. As the results... show, it has been a painful year... for the company, which has been... heavily involved in a big rationali... sation programme. Panax, Elvin... and Aviation Activities between... then incurred losses of £267,000... for the year and their closure and... disposal expenditure amounted to... further £229,173. This divestment... means that EMC has discarded... most of its problem areas, leaving... only the sophisticated optics and... instrumentation companies. How... ever, they are operating in a... competitive and specialised field... and growth will not be easy to... achieve. Meanwhile, the balance... sheet is looking healthier;... borrowings have been cut from... nearly £1m a year ago to £0.25m... as a result of the Panax sale and... the Elvin property deal. So far... this year EMC has been operating... in the black and if the current... trend continues, profits of around... £50,000 should be possible for the...

# comment

On a current cost basis along... the Hyde Guidelines, group profit... is cut to £54,900m by additional... depreciation of £20m and extra... cost of sales of £23.4m less a... £282,000 gearing adjustment... Meeting, Park Lane Hotel, W1... on December 11 at noon.

# Procor UK returns to profit

With sales and rental income... ahead from £1.64m to £2.23m... Procor (UK), a wholly-owned sub... sidiary of Trans Union Corporation... of U.S., reports a pre-tax profit... of £110,000 for the first half of 1978... compared with a £14,000 loss in last... year's same period.

# comment

Again no dividend is payable... for 1977, the company in... curred a £4,000 deficit, before a... tax credit of £13,000.

# comment

The company is involved in the... manufacture, repair, sale and hire... of railway rolling stock and... ancillary equipment.

# Better trend at Elect. Machine

WITH LOSSES totalling £267,369... year. At 21p the capitalisation... is 20.51m.

# comment

However, management accounts for... the first five months of the... current year, traditionally the... weakest trading period, show a... modest but reasonable profit, say... the directors.

# comment

Prospects for the full year also... indicate reasonable profitability... at the same rate as the first five... months, with possibly some im... provement, they add.

# comment

This turnaround results from... the transactions involving the... three former subsidiaries—this... year the group has closed Elvin... and Co, metal presser, and sold... Panax Equipment and Aviation... Activities (Overhaul Services).

# Advance by Trust Union

FOR THE half year to September... 30, 1978, Trust Union reports pre... tax revenue ahead from £353,367... to £274,833.

# comment

The interim dividend is in... creased by 21.4 per cent from 1.4p... to 1.7p net. The directors point... out that this merely reflects the... company's usual policy of paying... an interim that is half of the... previous year's total. It should... not be taken as an indication of... the total dividend for the year... Last year's total payment was... 3.4p from profits of £1.25m.

# comment

Turnover for 1977-78 advanced... from £2.77m to £3.51m while loss... per 25p share is shown at 0.82p... Again no dividends are to be... paid—the last payment was a... single 0.8125p net in respect of... 1974-75.

# comment

Attributable loss increased from... £248,735 to £469,915, after tax... credit of £12,014 (£15,101) and... an extraordinary debit of £229,173... this time, which relates entirely... to its three subsidiaries.

# Henry Boot Interim Report 1978

The adverse results emerging from Local Authority housing contracts in the Midlands Region—mentioned in the last Chairman's Statement—have proved to be worse than expected necessitating increased provisions for losses which have overshadowed the total performance of the Construction activity. In spite of continuing pressure on margins, elsewhere the activity is generally profitable.

The UNAUDITED results of the Group include:

	1978	1977
Half-year ended 30th June		Year ended 31st December
Turnover	£,000	£,000
Loss (Profit) before taxation	36,642	31,489
Taxation	-836	977
Loss (Profit) after taxation	35,806	2,013

The Directors of the Company have declared an interim dividend of 2 1/2p per Ordinary Share of 50p in respect of the year ending 31st December 1978 which is at the same rate as the interim dividend declared last year and will amount to £132,715 (full year 1977, £488,000). The dividend will be paid on the 10th November 1978 to shareholders whose names are on the register at the close of business on the 26th October 1978. The payment of a final dividend in respect of the year ending 31st December 1978 must remain most uncertain.

CONSTRUCTION : JOINERY : ENGINEERING : PROPERTY  
FOUNDRY : PLANT : FINANCE : AGRICULTURAL EQUIPMENT

Copies of this Interim Report may be obtained from the Secretary, Henry Boot & Sons Limited, Banner Cross Hall, Sheffield, S11 9PD.

**Henry Butcher & Co**  
Leopold Farmer & Sons

Agents, Valuers, Surveyors and Auctioneers of Property and Plant London Leeds Birmingham

# Glaxo a world leader in pharmaceuticals builds for the future

"Though the difficulties of international trading tend to increase with the passage of time and the growth of control and regulation by governments, there is overall an enlarging demand for the Group's research-based products. Naturally in a Group as big and as widely spread as Glaxo the pattern is not uniform and, though sales increased, the rate of increase was not up to that of recent years."

So says Mr. Austin E. Bide, Chairman and Chief Executive of Glaxo Holdings, in his Statement to Shareholders on the trading year 1977/78.

Nevertheless, the year was, in a number of ways, a significant one for the development of the Group's international trading.

Development of worldwide trading and new capacity to meet increasing demand

A new injectable cephalosporin antibiotic—a major product of Glaxo's research and development programme, currently running at £25 million a year—has already been marketed in the U.K., Ireland, Hong Kong, Germany and Italy. It will enable the Group to enter the highly competitive U.S. market with an important new antibiotic and increase the market share in most countries where Glaxo cephalosporins are now sold.

The range of topical steroids was also extended by the addition of a new product and a new influenza vaccine was successfully launched in the U.K.

Sales of Glaxo's important anti-asthma products continued to grow. The Group further consolidated its leadership in the U.K. ethical veterinary products market and expects to take an increasing share of this growing market at home and overseas.

The Future

To: The Secretary (AR), Glaxo Holdings Limited, Clarges House, 6/12 Clarges Street, London W1Y 8DH. Please send me a copy of the Annual Report and Chairman's Statement to Shareholders.

Name \_\_\_\_\_

Address \_\_\_\_\_

# Disputes hit Sheepbridge

## —£0.3m off at half time

DESCRIBED by the directors as an exceptionally difficult trading period, the six months to September 30, 1978, at Sheepbridge Engineering resulted in a decline in pre-tax profits from £2.5m to £2.2m. And the Board forecast that full year profits will fall short of last year's £3.5m.

The net interim dividend is stepped up from 2p to 2.25p. Last year's total payment was £283.8p.

During the first half labour problems and strikes at many of the company's customers' works reduced and interrupted production schedules and these influences continue. Those companies in the group which make components for diesel and petrol engines were particularly hard hit. Demand for pistons, piston rings and cylinder liners for tractors and farm machinery continued at a low level. Despatches in total were lower in volume than for the same period last year.

The company had to make reductions in the labour strengths at some factories; this was done by not replacing wastage and voluntary redundancies. Even so, stocks have built up. Redundancy costs charged in the half year were approximately £100,000.



Lord Abernethy, chairman of Sheepbridge

expansion in Wales has been delayed because the suitability of the site was suspect, but it has been cleared. Production is expected to start in June 1980.

# Berkeley Hambro midway surge

PROFITS BEFORE tax of Berkeley Hambro Property Company surged from £162,000 to £1.03m in the first half of 1978. Total income amounted to £3.83m compared with £4.43m.

The directors say the increase in revenue profits is attributable largely to reductions made in group borrowings by the sale of properties during 1977 and the early part of this year.

As a result the level of property outgoings has been reduced. Profits from property dealings was also particularly satisfactory.

Earnings per share, before extraordinary items, are shown at 4.51p against 1.58p. The interim dividend is lifted from 1p to 1.75p. Last year's total was 3.22p on pre-tax profits of £1.07m.

The first half result also shows a substantial extraordinary profit of £933m (£260,000 loss) and reflects the excess over historic cost of prices achieved on the sale of various assets, principally the North American Holdings and the Swire Property shares.

The major part of this surplus has been taken into account in the interim dividend, at December 31, 1977, but the prices achieved on the transactions enhanced the reserves by a further £1.77m.

The directors have recently contracted to sell the St James and Albany Hotel in Paris for FF22.5m and completion should take place before the end of the year. The hotel was non-revenue producing and this leaves them with only one such undeveloped

and the directors expect it to be operating shortly.

## comment

After the rapid growth of 1974-77, Sheepbridge Engineering profits have now gone into reverse. The good years partly reflected recovery from a difficult period but more significantly they were helped by the boom in diesel engines in the wake of the oil crisis. This appears, albeit temporarily, to have petered out and tractor demand, for example, has tailed right off since last year, roughly 15 per cent of the group's output goes to this sector. More important, the downturn here has coincided with serious troubles at the plants of major commercial vehicle assembly companies—their struggles at Bathgate, for example, was particularly costly. Orders for cylinder liners, of which the company is the leading manufacturer in Europe, were seriously hit and being volume sensitive, this has knocked margins. On a brighter note, Advance Motor Supplies is apparently seeing little sign of price competition and should benefit from current and future expansion. The company also seems to be doing well but profits for the year do not seem likely to better £5m. At 66p this puts the shares on a fully taxed prospective P/E of 9.4, which takes account of continuing long term diesel prospects. The yield of 11 per cent adds impressive support.

site on the Continent which is held through an associated company. In the current period no transfer has been made from the consolidated profit and loss account in respect of interest attributable to properties in course of development.

	1977	1978
Profit before tax	1,620,000	1,030,000
Tax	333,185	1,185,262
Minority profits	67,102	1,022,262
Attributable	1,219,813	1,030,000

## BIDS AND DEALS

# Tate to remit SA sale proceeds

THE SOUTH AFRICAN Government has agreed to a scheme which will allow Tate and Lyle to receive £10.5m in sterling from the sale of its half share in the African based Anglo American Industrial Corporation.

The deal, first announced early this month and the terms of which have now been agreed, means that APPROD becomes a subsidiary of AMIC. Shareholders in APPROD (in which Tate and Lyle was the largest, with 35.5 per cent) are being offered alternative terms. Those resident in South Africa will be offered 1,020 cents per share. Non-residents will have an alternative of accepting a cash payment of 567 cents and a special dividend of 400 cents. If they accept the latter the South African Exchange Control authorities granted permission for them to receive the total sum (£67 cents) less the tax liability on the dividend element, in free Rand which can be remitted outside SA.

In the case of Tate and Lyle alone the dividend element will be divided into six instalments payable at monthly intervals. However Tate is to sell the total sum (£67 cents) less the tax liability on the dividend element, in free Rand which can be remitted outside SA.

As part of its programme of disengagement from Continental Group, the U.S. container plant Metal Box has sold its stake in an Australian container company to Continental, for about £4.5m. Continental and Metal Box each had 42.2 per cent of the Australian company, called Containex Limited. As a result of the deal Continental's stake rises to 28.4 per cent.

Yesterday Mr. Jim Hodder, the company secretary of Metal Box, explained that Containex had been closer to Continental so it was decided that Metal Box ought to be the one to sell out. Mr. Hodder agreed that the sale of Metal Box without any representation in Australia. While he would not confirm whether the group had any plans to re-establish itself there he admitted that Metal Box could not afford to "sell the whole of Australia".

Meanwhile, Container, which has access under a 1976 agreement to Continental's technical expertise, as well as the press of negotiations with Metal Box, continues to have access to its "know how" in the future.

GARNAR/KINWOOD The offer by Garnar Southair for A. T. Kinwood and Co. has been accepted in respect of all the ordinary shares and 98.97 per cent of the preference shares.

The offer is already unconditional. The offer for preferred ordinary remains open and the balance will be acquired compulsorily.

GKN/STERN OSMAT The resolutions at yesterday's meeting of Stern Osmat Group were passed. Guest Osmat, Netfield's offer for the company are unconditional and remain open.

Acceptances have been received for 82,040 ordinary shares (over 98 per cent) and 41,007 preference shares (over 92 per cent). The balance will be acquired compulsorily.

TI IN JOINT VENTURE Tube Investments has joined a Cyprus manufacturing company to try to capture the middle and lower European markets for buses.

The joint venture, to be called TIKMC, set up in Nicosia with a total investment of £1.4m, hopes to manufacture 500 buses a year. It will be based on a 50:50 partnership between Tube Investments and the Cyprus Motor Corporation of Cyprus has 60 per cent of the equity of the new industry, while the remaining 40 per cent is shared between TI and the Cyprus Development Bank.

two subsidiaries, which will continue to trade individually.

Neagron's hire business is mainly in crawler cranes, grabbers and piling equipment, about 30 per cent of its turnover comes from overseas sales, mostly to the Middle East, Africa, North and South America.

# Carlton in U.S. battery expansion move

Carlton Industries, a 52 per cent owned subsidiary of Hawker Siddeley, is discussing the possible acquisition in the U.S. of certain assets and the business of Westinghouse Electric Corporation's KW Battery Division.

According to Mr. J. C. L. Saxby, Carlton's secretary, the discussions are only at a preliminary stage and no price has yet been mentioned.

The KW Battery division manufactures railroad locomotive starting batteries, industrial batteries and battery chargers for electric lift trucks and coal mining equipment. Its products are to some extent complementary to Carlton's existing battery range and gives the U.K. company a foothold in the large U.S. market.

It is the company's first major expansion move since it became a subsidiary of Hawker Siddeley in 1974. As part of the arrangement, Carlton acquired for cash Crompton Parkinson, Hawker Siddeley's lead acid automotive and traction battery business.

As part of the programme of disengagement from Continental Group, the U.S. container plant Metal Box has sold its stake in an Australian container company to Continental, for about £4.5m.

Continental and Metal Box each had 42.2 per cent of the Australian company, called Containex Limited. As a result of the deal Continental's stake rises to 28.4 per cent.

Yesterday Mr. Jim Hodder, the company secretary of Metal Box, explained that Containex had been closer to Continental so it was decided that Metal Box ought to be the one to sell out. Mr. Hodder agreed that the sale of Metal Box without any representation in Australia. While he would not confirm whether the group had any plans to re-establish itself there he admitted that Metal Box could not afford to "sell the whole of Australia".

Meanwhile, Container, which has access under a 1976 agreement to Continental's technical expertise, as well as the press of negotiations with Metal Box, continues to have access to its "know how" in the future.

GKN/STERN OSMAT The resolutions at yesterday's meeting of Stern Osmat Group were passed. Guest Osmat, Netfield's offer for the company are unconditional and remain open.

Acceptances have been received for 82,040 ordinary shares (over 98 per cent) and 41,007 preference shares (over 92 per cent). The balance will be acquired compulsorily.

TI IN JOINT VENTURE Tube Investments has joined a Cyprus manufacturing company to try to capture the middle and lower European markets for buses.

The joint venture, to be called TIKMC, set up in Nicosia with a total investment of £1.4m, hopes to manufacture 500 buses a year. It will be based on a 50:50 partnership between Tube Investments and the Cyprus Motor Corporation of Cyprus has 60 per cent of the equity of the new industry, while the remaining 40 per cent is shared between TI and the Cyprus Development Bank.

PETBOW, along with other severe economic downturn and

manufacturers of generating demand from Turkey was also reduced, said Mr. Bird. Libya was less serious but demand had been affected there too.

The major coal mining strike of 1974 which was harmful to many businesses dramatically increased demand for Petbow's standby generating sets. And Siddley, has been working a quadrupling of oil prices at the same time, which precluded worldwide recession, put the money in the hands of developing countries which quickly started spending on sets as prime sources of power.

Petbow's profits have risen from £0.7m to £3.1m in the past five years. The company sailed through the slump as if it never happened.

Now Petbow has its own troubles. As announced on Wednesday, the company is having to make redundant 90 to 100 workers out of a total of just under 800. Orders from Africa and Middle East have crashed and, after carrying excess labour for several months, the company has finally decided to regard the slump as more than a short term phenomenon.

"With tanks in the streets, much from Iran," said Petbow's chairman, Mr. James Bird. "And many people in the City do not seem to realise that Iraq is boycotting British goods following comments made by Dr. David Owen."

Nigeria was suffering from a more standby sets for new build-

ings such as computer centres. In these cases the set does not have to be installed faster than the centre itself is built. Even if no new orders came in, Dale would still have work for the next eight months, said the chairman and managing director, Mr. Leonard Dale yesterday.

Secondly, Petbow has felt the downturn worse than others because it has become so dependent on the countries now affected. In 1977-78, 36 per cent of its production went to Africa and 23 per cent to the Middle East. Petbow could be criticised for allowing itself to become so vulnerable to trouble in areas which are renowned for political instability. But as a rival company said, "It is not easy to turn away orders."

At least Petbow is financially strong, having had £2.1m cash in the last balance sheet and bank borrowings of only £1.3m. The shareholders' funds were £13m. And not everyone takes the same gloomy view of the short to medium term future of the world economy. Stockbrokers Laurence Prust believe that this could merely be the last in a long series of lumps.

But even if they are right, Petbow, which has received quite a shock, is not now seen as being too vulnerable to short term fluctuations in demand. Petbow might then avoid disasters of its own as well as installation of a set. Dale makes others.

Although Petbow is generally lumped together with the other main public independent company in the sector, Dale Electric International, its products are different. While Dale mainly makes sets which are custom built for the needs of individual customers, Petbow predominantly makes sets to be bought off the shelf. The Petbow sets are relatively quickly manufactured on something approaching a production line. So if demand dries up, the effect is felt very quickly.

Dale does some of this production line work as well. But more often it produces sets for specific orders and eight or more months may pass between an order and installation of a set. Dale makes others.

## MINING NEWS

# North Broken Hill seeking to acquire BH South

BY KENNETH MARSTON, MINING EDITOR

IT IS disclosed that Australia's North Broken Hill, major mining and investment group, last month proposed a merger with close to £800m (£46.8m) with its associated BH South. Moreover, North is still interested in making a bid despite a rejection by the South board, reports our Sydney correspondent.

The disclosure was made by the North chairman, Mr. M. L. Baillieu at the company's annual meeting in Melbourne yesterday. There has been considerable speculation that a bidder may be attracted to South, which is facing liquidity problems, largely through heavy losses associated with its phosphate venture in Queensland.

Both North and South are members of a group of large Melbourne companies, widely referred to as the "Collins House" stable. The group also includes Western Mining Corporation, EZ Industries and Associated Pulp and Paper Mills.

North BEI and BH South both have large investment portfolios which have a great deal in common. Both are also partners in some of the most important investments in the aluminium group, Alcoa of Australia, with South having a 16.6 per cent equity and North 12 per cent.

South recently announced that it intended to sell £850m of its major investments to repay debts incurred under the phosphate venture. It has already made some smaller sales and has reportedly offered 6.6 per cent of Alcoa to selected life offices.

Mr. Baillieu pointed out that the last four years and that shareholders had to contribute £850m of capital in 1977. South had lost £850m in 1977-78, the phosphate venture was on a care and maintenance basis and the Cobarr base metal mine was still unable to operate profitably.

North, he said, now had about £8m South shares, or 16 per cent of the capital, valued at the market at £131m and the board was concerned to watch what was regarded as an important investment being eroded.

Mr. Baillieu said at last year's annual meeting that the company was not considering a bid for South although it had been buying its shares. For this reason, and given the close links between the two companies, he "largely been assumed that North's buying was largely aimed at deterring any other groups considering the possibility of acquiring South."

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further raised its earnings for the year to September 30 to £27.7m (£15.7m), or 37c per share, from £23.8m in 1976-77. The final dividend is lifted by 10 cents to 75 cents, making a year's total of 110 cents against 95 cents in 1976-77. In the interim period, amounting to £11,587,000, compared with £11,587,000 a year ago, reflecting the change derived from coal chrome and timber operations. The company also benefited from higher realisation profits of £3,940,000 compared with £3,600,000 last time.

Pending the annual statement by the chairman of this Broken Hill group company, it would seem that a further rise in the price of the shares is in prospect for the year. TCL shares were up yesterday.

Polish coal exports rise

EXPORTS OF Polish coal will pass 40m tons this year, for the first time in history, according to the economic journal, Rynek Zagraniczny.

The journal said Poland, the world's fourth coal producer, would probably export 42m tons in 1978. The Government had targeted 39.7m tons for the export market in 1978.

Chief customers for Polish coal include the Soviet Union, Czechoslovakia and East Germany, although sales to the West have been increasing.

Among Western countries, major buyers of Polish coal include France, with 5m tons last year, the United Kingdom, 3m tons and Finland with about 3m tons.

Last year coal accounted for 12.7 per cent of Poland's total exports, the journal said.

Another good year at TCL

SOUTH AFRICA'S diversified mining group Transvaal Consolidated Mines and Exploration has

against £293.5m in the same period of last year.

Mr. Pierre Gousseland, the chairman, said the improved results reflected the company's five-year investment programme of over £20m. "I am confident that the strong earnings pattern will continue," he added.

Earnings improved for molybdenum, copper and coal on ore potash. Losses in nickel were

reduced. The consolidation of Transvaal Mines and Exploration also contributed to improved results. But against this, lower market prices reduced revenue, and lead suffered from a strike at the Missouri facilities.

Net earnings were £44.3m (£21.8m) equivalent to 1.15p per share, up from £30m, or 78 cents a share. Sales were £476.4m

against £293.5m in the same period of last year.

Mr. Pierre Gousseland, the chairman, said the improved results reflected the company's five-year investment programme of over £20m. "I am confident that the strong earnings pattern will continue," he added.

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# HORSERACE TOTALISATOR BOARD

52 Weeks Ended 31st March, 1978

- Turnover increased by 35%
- Pre Tax Profit increased by 388%
- Levy Contribution increased by 42%
- Net Assets increased by 42%

	12 months to 1978	1977
Turnover	65,743	48,830
Profit before Levy and Taxation	1,348	445
Profit before Taxation	1,011	207
Profit after Taxation	566	85*

\* Excludes extraordinary item. (Disposal of Freshford Property)

Extract from the Report and Accounts laid before Parliament on 24th October, 1978.

# Priest Marians turns in £50,700

Profits before tax of Priest Marians Holdings, at £50,700 for the year ended April 30, 1978 have beaten the expected figure of about £34,000 and are well above the previous year's £17,380. Turnover improved from £530,177 to £584,996.

The year's profit includes a special credit of £14,950 being a release of an extraordinary provision of which £5,590 was provided in 1976-77. Tax charge is £3,980 (£8,588).

Earnings per share are shown at 17.57p against 8.58p and the dividend is raised from 4.08p to 5.49p.

Bank Return

	Wednesday Oct. 25 1978	Jan. 24 1979
LIABILITIES		
Capital	14,553,000	9,284,556
Public Deposit	1,082,500	53,282,004
Special Deposit	266,217,440	17,417,406
Bankers' & Other	822,144,965	17,417,406
ASSETS		
Govt. Securities	1,634,131,088	40,855,000
Advanced & Other	289,682,169	94,056,704
Prepaid & Other	168,431,622	296,982
Notes & other	10,981,083	5,561,110
Gold	208,474	10,465
	2,103,792,733	57,179,943
LIABILITIES		
Notes Issued	8,828,000,000	25,000,000
In Circulation	8,614,228,000	21,438,290
In Bank & Dep.	10,981,083	5,561,110
	8,625,000,000	25,000,000

# Powell Duffryn to pay £1.2m for Lancs. group

Powell Duffryn is spending up to £1.1m on purchasing a small Lancashire-based timber group, Alfred Hume. Some £200,000 of the consideration is dependent on the profits that Hume will earn to March 31, 1980, while another £200,000 is to be made through the issue of Powell Duffryn shares.

In its last financial year to December 31, 1977, Hume made taxable profits of £200,000 on turnover of £2.5m, compared with £166,000 profit and £2.96m sales in the previous year.

Although Hume has only three timber sites Powell Duffryn says the acquisition will complement its timber and building materials activities. It will establish a fifth division for Powell Duffryn Timber in a new trading area—Lancashire—outside its existing areas of operation, in East Anglia, the Midlands, the total issued share capital.

Brooke Bond may try again for Bushells

Brooke Bond Liebig is sounding out Australian authorities on the possibility of a takeover over offer for Bushells Investments, Australia's largest tea company.

Its first £20.5m offer was rejected by Mr. John Howard, the Australian Treasurer, under the 1975 Foreign Takeovers Act because it "would be contrary to the national interest."

Mr. J. M. Thomson, the managing director of Brooke Bond's Australian subsidiary, says that when the first application was made the company was not completely familiar with Australia's foreign investment guidelines.

Mr. Thomson says they have had a number of discussions with the Australian Foreign Investment Review Board to determine what the guidelines are. He said, "Within the guidelines as we now understand them some form of partnership could be one form of approach to the acquisition. It is not the only approach."

BRICOMIN OFFER UNCHANGED The offer by Bricommin for New York and Garmore remains unchanged at 47p. This is in line with the conditions of the offer which stated that if the estimated per share asset value of each of New York and Garmore, on the basis of Moore Govett's investment trust service daily list was greater than 41.6p on September 22, the offer price would be increased by the difference. In the event the asset value was estimated at 36.2p per share.

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# Sharp jump in Amax earnings

AMAX, THE major U.S. mining and minerals group which has been fighting off a takeover bid by David Lascelles from New York, reported a sharp 48 per cent jump in earnings for the third quarter of this year, reports our Sydney correspondent.

Mr. Lascelles, who is believed to be the owner of the takeover bid, said the jump in earnings was due to a strike at the Missouri facilities. Net earnings were £44.3m (£21.8m) equivalent to 1.15p per share, up from £30m, or 78 cents a share. Sales were £476.4m

against £293.5m in the same period of last year.

Mr. Pierre Gousseland, the chairman, said the improved results reflected the company's five-year investment programme of over £20m. "I am confident that the strong earnings pattern will continue," he added.

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reduced. The consolidation of Transvaal Mines and Exploration also contributed to improved results. But against this, lower market prices reduced revenue, and lead suffered from a strike at the Missouri facilities.

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# Talbox wins approval for Hoskins bid

Talbox, the industrial group with soap, aerosol and hairdress- ing interests, yesterday won approval from shareholders to bid for the Birmingham hospital equipment and building materials supplier Hoskins and Horton.

Mr. Lunt, the shareholders' spokesman, said the bid was approved by a 90 per cent majority. He said the bid was approved by a 90 per cent majority. He said the bid was approved by a 90 per cent majority.

Mr. Lunt, the shareholders

## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Currency losses hit Texaco earnings

BY DAVID LASCELLES

A MIXED pattern of oil company results continued today as third quarter results from Texaco were released.

Texaco's third quarter earnings were \$212.8m, equivalent to 79 cents a share, down from \$247.9m or 91 cents a share in the same period last year.

Mr. Maurice Granville, chairman, blamed foreign currency losses for the lower third-quarter earnings.

Texaco's third quarter results were up on the second quarter.

Actors working in the company's favour were higher oil prices in the U.S. and higher oil production abroad.

Texaco expected a natural decline in oil production from older U.S. fields,

and higher operating expenses.

Meanwhile, Standard Oil Company of California increased its third quarter earnings to \$106m from \$101m.

Standard Oil of California reported from New York. This was in spite of foreign petroleum earnings declining from \$126m to \$113m.

Standard Oil of California earnings declined to \$88m from \$102m due to foreign exchange losses and lower crude oil production.

Revenue for the first nine months of Standard Oil of California increased to \$3.7bn from \$3.5bn.

Standard Oil of California's third quarter earnings were \$106m, compared with \$101m.

Per share earnings improved from \$1.41 to \$1.49.

Petroleum has increased its stake in Sohio to 52.2 per cent.

Earnings of Getty Oil improved marginally for the nine-month period from \$233.9m to \$225.7m.

Revenue increased also from \$2.85bn to \$2.72bn, but the per share earnings remained pegged at \$2.74 per share.

Texaco Eastern Corporation reported lower third quarter results, which the company attributed to increasing exploration costs and running costs of the Eastern gas system.

Commonwealth Oil Refining, which has sought protection from its creditors under bankruptcy laws, recorded a net profit for the third quarter of \$2.1m compared with \$1.8m.

Per share earnings were 12 cents against 9 cents.

Sales for the period dipped from \$251m to \$246m.

Also for the third quarter, Pennzoil Company advanced

from 78 cents a share to 97 cents.

Net income rose from \$27m to \$33m, on sales revenues up from \$298m to \$393m.

Union Oil Company of California slipped from \$85.5m to \$82.6m in the third quarter. Per share earnings remained unchanged at \$2.10.

Union Oil indicated that the after-tax capital gain of \$45m from the sale of its 33 per cent interest in Maruzen Oil will be included in the results for the fourth quarter.

Murphy Oil Corporation slipped from \$11.5m to \$10.9m for the third quarter. Per share earnings were down from 92 cents to 88 cents.

Sales revenues moved ahead from \$268.3m to \$311.9m.

NEW YORK, Oct. 26.

Agache-Willot to take over Korvettes

By Our Own Correspondent

NEW YORK, Oct. 26.

FRANCE'S Agache-Willot Group, which recently gained control of the bankrupt textile empire of Marcel Boussac, has launched its first major investment in the U.S. with an agreement in principle to pay more than \$50m for a 51 per cent stake in 6 Korvettes department store chain.

Controlling interest is to be bought from Arlen Realty and Development Corporation, which has been suffering mounting losses on its real estate and retail business over the last five years.

The 50-store Korvettes chain has been heavily in the red but has started to show a recovery this year and pre-tax operating losses in the six months ended August 26 were reduced from \$6m to \$1.9m.

The agreement with Agache-Willot provides for an initial commitment "in excess of \$30m which is expected to be followed by further expenditure on Korvettes's real estate interests currently owned by a subsidiary of Arlen.

With its acquisition of the Boussac empire, Agache-Willot has added the prestigious Christian Dior fashion business to its existing Ted Lapidus brand name.

Whether these labels find their way into Korvettes remains to be seen.

But the department store chain's recovery has been based on development of fashion lines and a reduced emphasis on hardware and basic clothing.

Mr. David Brown, Agache-Willot's president, says that additional investment would now be available for developing this new strategy.

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## EUROBONDS

## Major sectors weaken as dollar sinks to new low

BY FRANCIS GHILES

EVER INCREASING nervousness was displayed in the two major sectors of the international bond markets yesterday as the dollar sank, yet again, to new lows.

A sharp rise in the six-month Eurodollar rate further hit prices in the dollar sector: the offered rate moved up from 11 per cent on Wednesday night to 11 1/2 per cent last night, after having touched 11 1/4 per cent earlier in the day.

Prices of dollar-denominated bonds fell sharply across the board. Where no sellers were active, professionals marked prices down by between 1/4 to 1/2 of a point.

Where there were sellers, particularly in the afternoon, prices dropped much more, in some cases by as much as 1 1/2 to 2 points.

Recent and older issues were affected, both straight bonds and floating rate notes: the Götterbanker floater, which was priced on Wednesday as being quoted at 107 1/2, was being quoted at 107 1/2 by the lead manager S. G. Warburg at 64.97.

The \$40m convertible for Central Telephone and Utilities Corporation was put off until better times by Dean Witter Reynolds but the \$75m floater for Long Term Credit Bank of Japan was priced at par by the lead managers, Credit Suisse, First Boston and Credit Lyonnais.

In the Deutschmark sector, trading was very nervous throughout the day and turned over heavy.

Prices in the secondary market fell in the morning, recovered somewhat after lunch but ended the day about 1 to 1 1/2 of a point off. The BankAmerica Landesbank Corp. issue which was priced at par yesterday was quoted at a discount of 1 1/4 of a point yesterday morning, but recovered later on to be quoted at a discount of only half a point.

A new issue for the Council of Europe was announced by BHF Bank: DM 120m for the Council of Europe with an indicated coupon of 8 1/2 per cent to be priced at par. The average life of these bonds is eight years and the final maturity 1988.

Nippon Yusen is expected to float a DM50m convertible next month through Westdeutsche Landesbank.

## Hefty setback for Singer

BY STEWART FLEMING

NEW YORK, Oct. 26.

THE SINGER Company, the largest of the world's sewing machine manufacturers, is projecting a \$4.5m after tax charge against its fourth quarter profits as a result of its proposals to restructure its Clydebank, Scotland, sewing machine plant.

The company reports a sharp setback in its third quarter earnings from continuing operations. Net income fell from \$11.8m, or 61 cents a share, to \$8.4m, or 50 cents a share.

For the first nine months of 1978, the company's net income was \$44.7m, or \$2.36 a share, on sales revenues of \$1.8bn, compared with \$47.9m or \$2.53 a share on sales of \$1.86bn, in the first nine months of 1977.

Mr. Joseph B. Flavin, chairman

and chief executive, said that the best estimate at this time for the full year indicates that the company's net income from continuing operations will be about 20 per cent lower than the 1977 level of \$74.5m.

Previously, the company had predicted a maintained earnings level for 1978.

Commenting on the reasons for the setback, Mr. Flavin said sewing operations will not be as profitable in 1978.

than expected orders for its power tool and floor care products from the giant retailing group, Sears Roebuck.

Mr. Flavin also pointed out that the continued weakness in demand for household sewing machines in the U.S. has been a principal factor in its earnings decline.

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Mr. Jim Ketelsen, the chairman, said earnings growth in the period would have been nearer 10 per cent but for the unfavourable impact of a class settlement with the U.S. Navy on shipbuilding contracts.

Tenneco's Newport News shipyard in Virginia has been pressuring for compensation over unprofitable Navy contracts, and has been obliged to make a one-time, after-tax write-down of about \$9m.

Mr. Ketelsen said that the company's earnings for the third quarter were \$1.8m, or 18 cents a share, compared with \$1.5m, or 15 cents a share, in the third quarter of 1977.

For the first nine months of 1978, the company's earnings were \$5.4m, or 54 cents a share, compared with \$4.7m, or 47 cents a share, in the first nine months of 1977.

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## Schlumberger revenue rise

Our Own Correspondent

NEW YORK, Oct. 26.

Schlumberger, the oil logging service company which among the financially most successful U.S. companies, today reported a further sharp growth in revenues during the third quarter.

Third quarter income was up 27 per cent to \$1.6bn, compared with \$1.27bn in the third quarter of 1977.

Revenue rose to \$1.6bn from \$1.27bn, or 16 cents a share, compared with \$1.27bn, or 12 cents a share, in the third quarter of 1977.

For the first nine months of 1978, Schlumberger's net income was \$4.8bn, compared with \$3.8bn in the first nine months of 1977.

Revenue rose to \$4.8bn from \$3.8bn, or 48 cents a share, compared with \$3.8bn, or 38 cents a share, in the first nine months of 1977.

Mr. Jean Riboud, the chairman, said the growth in oilfield services continued strong in most regions in North and South America, North Africa and the Far East.

But the company expected "political and economic factors" for a decline in exploration in the UK sector.

## Standard Brands makes progress

BY OUR FINANCIAL STAFF

NEW YORK, Oct. 26.

STANDARD BRANDS, the diversified food and wines group whose sales topped the \$2bn mark for the first time last year, saw its earnings move up by 12 per cent during the third quarter.

At \$30.3m against \$28.1m, they were equivalent to 72 cents a share after 65 cents a year ago.

The growth rate in the company's profits exceeded that of revenues, which were only 9 per cent higher at \$880.9m.

For the whole of the first nine months, Standard Brands, which owns a 72 per cent stake in the company, reported a profit of \$8.8m, or 88 cents a share, compared with \$8.1m, or 81 cents a share, in the first nine months of 1977.

Earlier this month, Mr. Reuben Gutloff stepped down as

president of Standard Brands after his highly personal and centralised management style had led to friction with other executives.

He was replaced by Mr. O. Lester Applegate and is now executive associate to the chairman.

The company turned in a flat earnings performance in 1977, as predicted, the high price of sugar having boosted demand

for its sugar substitute high-fructose corn syrups the previous year. This benefit receded as sugar prices came down.

Consumer products provide the main drive behind Standard Brands' progress, with some 80 per cent of sales and operating profits generated in this area last year, a marked change from the position a few years ago.

The group said it was raising its dividend to 40 cents from 37.5 cents for the period.

In the previous three months, the company lifted its earnings to \$2.6m from \$2.3m, or 26 cents a share, compared with \$2.3m, or 23 cents a share, in the previous three months.

Operating profits, increased by nearly 12 per cent to \$2.7m, or 27 cents a share, though revenues soared by 35 per cent to \$10.6bn.

Consolidated Foods gain

BY OUR FINANCIAL STAFF

NEW YORK, Oct. 26.

FIRST QUARTER earnings of Consolidated Foods, which is paying its dividend to 40 cents from 37.5 cents for the period, were \$2.6m from \$2.3m, or 26 cents a share, compared with \$2.3m, or 23 cents a share, in the previous three months.

Operating profits, increased by nearly 12 per cent to \$2.7m, or 27 cents a share, though revenues soared by 35 per cent to \$10.6bn.

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## AMERICAN QUARTERLIES

DATEN CORPORATION				HARVEY HUBBELL				PHILIP A. HUNT CHEM.				NOHASCO				SOUTHLAND			
Quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977	
Revenue	\$36.4m	\$302.5m		Revenue	99m	52.2m		Revenue	23.2m	13.7m		Revenue	178.4m	160.0m		Revenue	848.2m	694.1m	
Profits	12.46m	10.83m		Net profits	5.1m	4.6m		Net profits	2.29m	1.46m		Net profits	2.75m	2.26m		Net profits	19.3m	16.1m	
Per share	0.62	0.55		Net per share	0.87	0.74		Net per share	0.40	0.26		Net per share	0.42	0.34		Net per share	0.93	0.83	
Months				Nine months				Nine months				Nine months				Nine months			
Revenue	\$82.3m	\$12.7m		Revenue	178.6m	159.6m		Revenue	67.1m	53.8m		Revenue	522.4m	473.3m		Revenue	2.27m	1.88m	
Profits	36.87m	32.75m		Net profits	13.8m	12.3m		Net profits	5.40m	4.74m		Net profits	3.22m	6.96m		Net profits	45.1m	37.4m	
Per share	1.84	1.66		Net per share	2.43	2.31		Net per share	0.85	0.84		Net per share	1.34	1.04		Net per share	2.90	1.90	
RICAN STORES				HERSHEY FOODS				JOHNSON & JOHNSON				MOORE MCCORMICK				STERLING DRUG			
Quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977	
Revenue	\$94.3m	\$89.8m		Revenue	201.4m	177.5m		Revenue	\$88.5m	744.8m		Revenue	100.1m	\$2.4m		Revenue	342.7m	316.4m	
Profits	8.4m	3m		Net profits	11.83m	8.2m		Net profits	80.3m	62.1m		Net profits	13.87m	5.08m		Net profits	27.00m	24.86m	
Per share	1.57	0.57		Net per share	0.24	0.04		Net per share	1.36	1.06		Net per share	1.90	0.89		Net per share	0.45	0.11	
Months				Nine months				Nine months				Nine months				Nine months			
Revenue	2bn	1.8bn		Revenue	544.1m	477.7m		Revenue	2.62bn	2.20bn		Revenue	250.4m	244.6m		Revenue	975.8m	881.6m	
Profits	16.7m	10.1m		Net profits	26.11m	27.12m		Net profits	238.12m	190.43m		Net profits	22.44m	20.12m		Net profits	71.56m	64.73m	
Per share	3.15	1.82		Net per share	2.05	1.98		Net per share	4.01	3.26		Net per share	3.93	3.53		Net per share	1.19	1.08	
CANADA				HOLIDAY INNS				JOHNSON CONTROLS				NATIONAL CAN				NETXTRON			
Quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977	
Revenue	\$1.2bn	\$84.9m		Revenue	339m	293.8m		Revenue	107.8m	82.9m		Revenue	285.0m	273.0m		Revenue	794.5m	681.6m	
Profits	108.9m	82.6m		Net profits	6.72m	2.89m		Net profits	6.69m	5.35m		Net profits	3.05m	12.8m		Net profits	41.71m	35.16m	
Per share	2.23	1.73		Net per share	1.20	0.54		Net per share	0.76	0.61		Net per share	0.31	1.51		Net per share	1.11	0.94	
Months				Nine months				Nine months				Nine months				Nine months			
Revenue	3.11bn	2.62bn		Revenue	580.1m	785.2m		Revenue	290.2m	224.5m		Revenue	745.0m	659.0m		Revenue	2.32bn	2.09bn	
Profits	260.6m	206.6m		Net profits	18.72m	6.69m		Net profits	15.24m	11.99m		Net profits	16.9m	25.1m		Net profits	122.76m	97.51m	
Per share	5.26	4.34		Net per share	3.39	1.24		Net per share	1.75	1.38		Net per share	1.88	2.86		Net per share	3.27	2.60	
WARNER CORP.				HUGHES TOOL				MCDONALDS CORP.				NORTHERN STATES POWER				TIGER INTERNATIONAL			
Quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977	
Revenue	\$72.1m	\$48.4m		Revenue	28.3m	20.9m		Revenue	451.5m	382.3m		Revenue	243.8m	221.3m		Revenue	192.1m	138.5m	
Profits	30.8m	24.5m		Net profits	3.4m	371.273		Net profits	47.95m	40.05m		Net profits	30.3m	26.7m		Net profits	15.7m	8.2m	
Per share	1.43	1.15		Net per share	0.90	0.13		Net per share	1.18	0.99		Net per share	1.02	0.91		Net per share	1.09	0.65	
Months				Nine months				Nine months				Nine months				Nine months			
Revenue	1.70bn	1.49bn		Revenue	73.6m	65.2m		Revenue	1.25bn	1.04bn		Revenue	748.8m	656.2m		Revenue	499.7m	387.3m	
Profits	95.5m	72.5m		Net profits	6.3m	2.9m		Net profits	124.16m	104.31m		Net profits	82.9m	68m		Net profits	33.1m	15.3m	
Per share	4.45	3.45		Net per share	1.57	0.90		Net per share	3.05	2.57		Net per share	2.90	2.32		Net per share	2.48	1.21	
FRANKLIN LIFE INSC.				HUDSON'S BAY OIL AND GAS				MESA PETROLEUM				PUBULOTOR				U.S. GYPSUM			
Quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977		Third quarter	1978	1977	
Revenue	—	—		Revenue	14.07m	14.68m		Revenue	39.2m	33m		Revenue	101.4m	89.5m		Revenue	363.1m	319.4m	
Profits	23.9m	18.7m		Net profits	24.67m	22.24m		Net profits	8.4m	9.1m		Net profits	4.33m	3.94m		Net profits	30.25m	19.67m	
Per share	2.01	1.51		Net per share	0.67	0.70		Net per share	0.82	0.56		Net per share	0.95	0.68		Net per share	1.66	1.08	
Months				Nine months				Nine months				Nine months				Nine months			
Revenue	69.3m	55.8m		Revenue	42.86m	40.82m		Revenue	120.9m	95.1m		Revenue	294.6m	264.0m		Revenue	1.03bn	858.7m	
Profits	5.38	4.51		Net profits	2.04	1.94		Net profits	30.2m	27.1m		Net profits	10.31m	8.53m		Net profits	82.8m	39.06m	
Per share	—	—		Net per share	2.04	1.94		Net per share	1.58	1.73		Net per share	2.38	1.83		Net per share	4.58	2.15	



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Hitachi half-year profit increases by one-fifth

BY RICHARD C. HANSON

TOKYO, Oct. 26.

HITACHI reported today its half-year profit in the year ended September 31 rose 20 per cent to ¥17.8bn from ¥15.0bn in the corresponding period of last year. The company, however, is not expected to see a similar increase in the second half of the year.

Export orders received, meanwhile, were up only 3 per cent to ¥174.5bn, a drop from a 22 per cent rise to 19 per cent. Export orders for heavy electric equipment reportedly are at about 40 per cent of last year's peak. Export orders for electric power equipment were particularly hard hit, with generators at about 30 per cent of last year's level.

Orders received for consumer products were up 10 per cent (21 per cent of the total versus 22 per cent) communications, electronic equipment and measuring instruments, up 20 per cent (share unchanged at 22 per cent) rolling stock orders were up 9 per cent (11 per cent share versus 13 per cent) and industrial machinery orders rose 11 per cent (10 per cent share versus 11 per cent).

Shipments during the half year were up only 4 per cent to ¥750.4bn. Export shipments rose 20 per cent, but shipments of electric utility apparatus and electrical equipment fell 15 per cent to a 23 per cent share from 25 per cent a year ago.

Hitachi estimates that its net profit in the year ending March 31 for the parent will be up about 10 per cent from ¥31.4bn, while sales will rise 5.6 per cent from ¥13.9bn.

On a consolidated basis, which will be announced later this year, net profit is estimated by the company to be up more than 10 per cent. One securities house expects consolidated net would be up 22 per cent if the yen's value stayed at 180 to 185 per US dollar, a level which was broken yesterday in foreign exchange trading.

## Daido Life in pact with North Korea

By Our Own Correspondent

TOKYO, Oct. 26.

DAIDO LIFE Insurance Company of Osaka, Japan's tenth largest life insurance company, with assets of ¥250bn (\$1.4bn) has reached a basic understanding on the conclusion of a reinsurance agreement with Korean Foreign Insurance Co. of North Korea. Details of the pact are expected to be decided by the start of next year.

Daido, which will be the first Japanese concern to set a reinsurance agreement with a socialist country, was invited to North Korea in June by the Korean Foreign Insurance Co. of North Korea. It is the first time a Tokyo-based insurance concern, Kongo Insurance, which is operated by North Koreans resident in Japan, Kongo became an agent for Daido earlier this year, and arranged the introduction.

The quantity of reinsurance business with the North Koreans is not expected to be very large, but there is potential for growth, Daido says. The North Korean company, run by the Government, will be entering the life insurance field for the first time, having until now only been in casualty insurance.

The reinsurance transactions will be denominated in yen. Daido officials said that they were not concerned over the possibility that North Korea could default on payments. The North Koreans have had great difficulties paying back loans made by foreign banks, including Japanese.

## Cold Storage Holdings down

By H. F. Lee

SINGAPORE, Oct. 26.

COLD STORAGE Holdings has reported a 13 per cent decline in group post tax profit for the half-year ended July, 1978. The interim profit of \$84.94m (US\$10.47m) was achieved on an almost unchanged turnover of \$936m (US\$202.5m).

Cold Storage blamed the unexpected downturn on the static level of sales and reduced margins in the group's trading and manufacturing activities. With the poor first half performance, the group now does not expect the full-year figure to reach the previous year's figure of \$811.8m.

Cold Storage disclosed that it has for the first time equity accounted the results of associated companies. The group has declared a gross interim dividend of 4.5 Malaysian cents per 10p stock unit.

## Rembrandt takes stake in Gilbey South Africa

BY RICHARD ROLFE

JOHANNESBURG, Oct. 26.

THE Rembrandt Group, the tobacco-based multinational, has moved to strengthen its position in the domestic liquor market, ahead of what promises to be an increasingly bitter battle with SA Breweries for a slice of the beer market. It has bought 49 per cent of W. and A. Gilbey South Africa, the local subsidiary of IDV and ultimately of Grand Metropolitan for an undisclosed amount by way of subscription for preference and ordinary shares.

The official statement from Rembrandt says that the object of the investment is to strengthen competition in the

beer industry while maintaining the present competition in wines and spirits. As a result, the meetings scheduled for tomorrow to consider Rembrandt's proposed acquisition of the shares it does not already own in Van Oudemeester Group, its main liquor arm, have been adjourned.

Dr. Anton Rupert, the chairman of Rembrandt, disclosed recently the reason for the Oudemeester proposals, under which Rembrandt is offering 60 cents per share, and its acquisition of the outstanding shares in its brewery company, Intercontinental Breweries, said that the great expense and investment

would be needed to build the group's share of the beer market up to the target 20 per cent.

W. and A. Gilbey has also announced a related move to strengthen its local interests with the acquisition by its subsidiary, Gilbey Distillers and Vintners, of 50 per cent of Rebel discount liquor stores, probably the fastest-growing liquor chain in the Republic. The price for this transaction is also undisclosed, but is estimated by analysts of the sector at about R7m.

Rebel has extensive small outlets in the Transvaal and Natal and plans to expand in the Cape through the deal. But its trump card is the building-up of its liquor hypermarkets, of which it has seven, where liquor is sold on a cut-price basis. It is particularly strong, too, in the black market and supplies extensively to the black townships. As it is a private company, details of turnover and profitability are not known.

The upshot of the deals is that Gilbeys has forged a formal alliance with Rembrandt and has greatly expanded its financial muscle and its number of outlets and profits.

## CBA inner reserves revealed

By James Forth

SYDNEY, Oct. 26.

THE COMMERCIAL Bank of Australia had inner reserves which had not previously been disclosed of about A\$50m, the chairman, Mr. A. S. Kimpton revealed at the annual meeting today in Melbourne.

The CBA is the third bank to disclose its hidden reserves since the treasurer, Mr. John Howard last month announced that the banks would in future give greater disclosure—although the banks do not have to provide this additional detail until their report for their result for the first half of 1978-79.

Mr. Kimpton said the CBA's 1977-78 profit would have been A\$30.8m rather than the reported figure of A\$25.6m.

The major hidden reserve was contingency reserves, which totalled A\$28.6m at June 30. Mr. Kimpton said the information had been released because the directors were concerned that the market for the bank's shares had been subjected to speculative pressure and uncertainty.

For the current year the bank expected an increase in business and its number of outlets and profits.

## Hong Kong prime rate up 1 1/4%

BY ANTHONY ROWLEY

HONG KONG, Oct. 26.

HONG KONG Exchange Association interest rate committee decided today to bank lending rate by 1.25 per cent to 7.25 per cent, effective Monday.

The prime rate pegged at many economists and analysts felt to be the artificially set of 6 per cent since July, Hong Kong dollar has risen markedly against other currencies.

So, the size of the rate rise agreed today came as a surprise to most people who had led a rise of the order of 1 per cent, or 1 per cent at the in the prime. Observers as a move forced on the by the Government.

Financial Secretary, Mr. Haddon-Cave, suggested that the "moral" of the Government had declined in London today on the news. It also came too late to affect the foreign exchange market here although the move is widely expected to boost the Hong Kong dollar. The currency has declined by around 13 per cent on a trade-weighted basis since the beginning of this year.

According to foreign exchange dealers, the relatively low rates of interest in Hong Kong have encouraged exporters to retain their earnings offshore, and to use

Hong Kong simply as a borrowing base. Several foreign banks in Singapore—a rival financial centre—currently have a prime lending rate of 7.5 per cent while major local banks there maintain a prime rate of 7.25 per cent. Similar rates prevail in Malaysia.

The Hang Seng Bank, a subsidiary of the Hong Kong and Shanghai Bank, said in its latest economic report that there had been an increase in the outflow of short-term funds seeking higher returns, as indicated by a HK\$1.50bn rise in fixed deposits from January to August.

Another factor which probably influenced today's decision was the move by 13 Peking-controlled banks here last week to increase interest rates on their renminbi (Chinese currency) term deposits by 1 per cent immediately.

The increase in prime lending rate by a surprise 1.25 per cent today to 7.25 per cent followed the increased deposit rates by the interest rate cartel, The Exchange Banks Association.

With prime rate pegged at what many economists and bankers felt to be the artificially low level of 6 per cent since July, the Hong Kong dollar has declined markedly against other currencies and there has been an increasing outflow of short-term funds.

Recent interest rate increases in the U.S. and elsewhere accentuated these adverse trends and pressure mounted on a prime government, which indirectly influences the interest-rate cartel, to raise rates to support the dollar, stem monetary outflows and temper the current boom in property and stock markets here.

## epco forecast growth

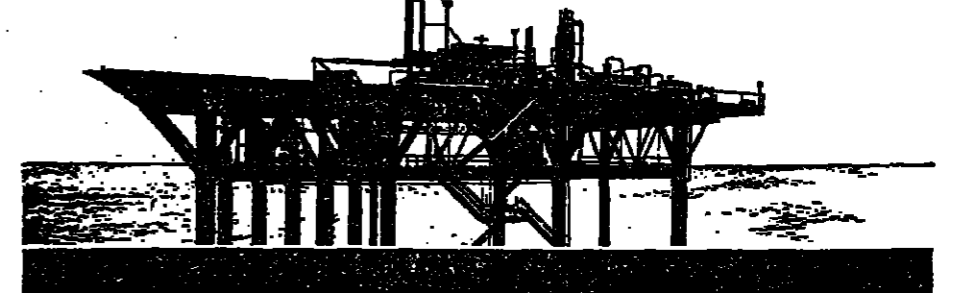
MELBOURNE, Oct. 26.

EPSCO raised its profit in the quarter of its July-June year and, barring industrial disruption, is confident it will improve the annual profit. Charles McGrath, chairman, expects to improve its profit in the Australian auto component parts market and

strengthen its position in manufacturing and merchandising overseas, he said. The group's after tax profit eased to A\$17.54m (US\$20.6m) in the year ended June 30 from A\$18.80m, a fall Repco attributed to the Victorian power strike in October, 1977.

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OCTOBER 2, 1978



# French recipe for handling nuclear waste

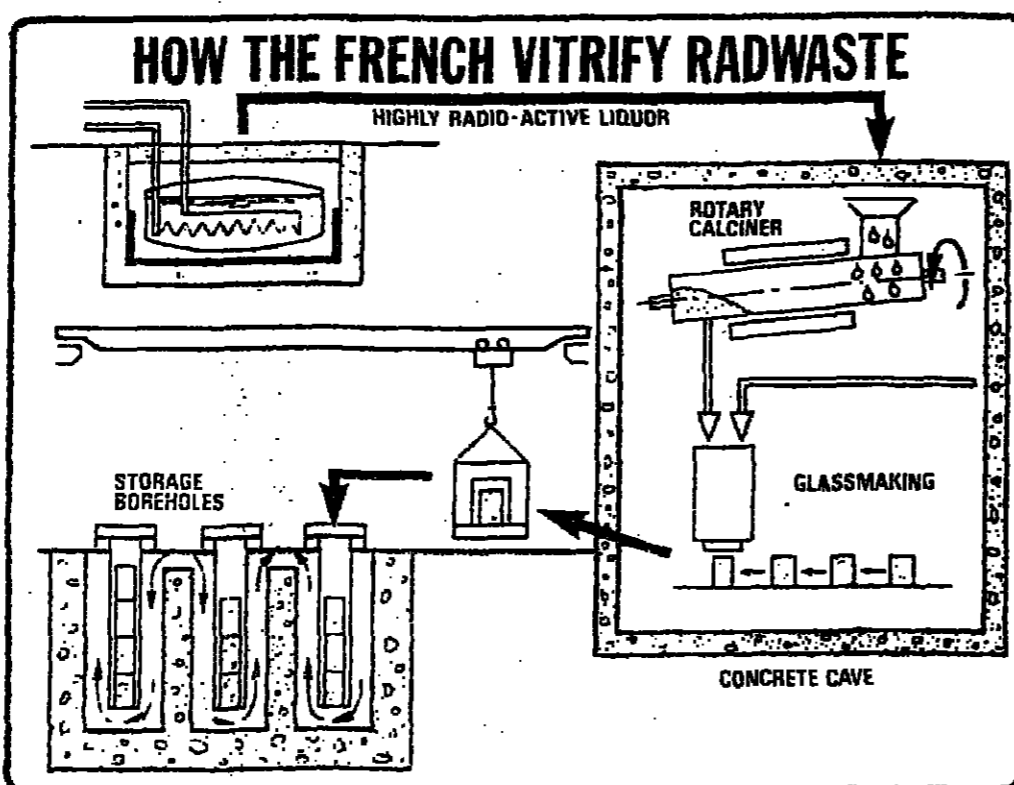
PEERED through a port into the brightly-lit concrete. Amid a forest of gleaming steel pipework a drum of the shape and size of a car's hot-water tank glided into position. A fine stream of red-hot glass began to pour from the vessel.

They were watching French engineers solidifying the intensely radioactive liquid left behind by spent nuclear fuel in a process known as vitrification. Their plant, at La Hague in the Normandy region, is known among Frenchmen as a "pot" or "hatch" for its resemblance to a kitchen sink. It is claimed to be the world's first of its kind to give industrial-scale operation.

Britain's Nuclear Electric, which is licensed to build the first of its kind in the UK, has one of its own, called "Pilot Plant", developed at Harwell. It is several years behind in industrial application. Already West Germans have asked to license the French process. Their WAK pilot reprocessing plant at Karlsruhe, and Belgians for their new vitrification facility at Mol.

Licence agreements with these countries are close to signature, says Cogema, the French counterpart of BNFL. The French themselves intend to build more plants of this type. A second AVM plant will be built near their first reprocessing plant at La Hague, at a cost currently estimated at about Fr 500m (overseas reprocessing orders in the late 1980s).

The idea of solidifying intensely radioactive acid residue in a "pot" or "hatch" came to public attention just two



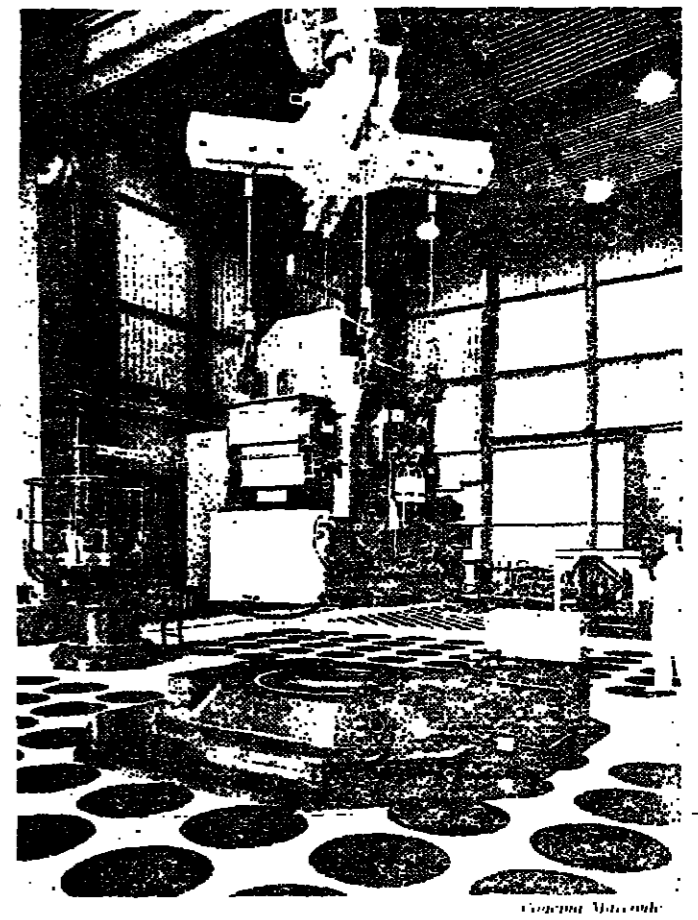
pilot plant at Marcoule. Finally black glass. The final steps in the AVM process are automatic welding of a cover on the drum, followed by washing to ensure the hot glass—sealed by radioactive decay—is in fact a stable substance which might safely be buried for hundreds of years.

Construction of the AVM plant began in 1971. The aim, says M. Jacques Couture—a chemical engineer who was in charge of reprocessing at Marcoule in the early years of the project, but is today Cogema's sales manager for reprocessing—was to demonstrate vitrification of waste as a continuous process which can be maintained and repaired "untouched by hand."

For 18 months before pouring the first radio-active glass in July, the French engineers ran the plant "cold" to ensure themselves that every part of a complex tangle of chemical engineering could be isolated and replaced. "Every component has been removed," says M. Couture. "Nothing weighs more than about 500 kg and everything can be replaced inside one week."

Briefly, the AVM process consists of a rotary calciner which evaporates a continuous stream of the radio-active acid to leave brown granules of mixed fission products. This is the trickiest stage of the process, involving a gradation in temperature rising to 900 degrees C at the exit of the calciner where remote operation of the calciner were notched up before radio-active liquor was introduced, to demonstrate that the calciner would evaporate 40 litres an hour without risk of choking on caked fission products.

Granules continuously leaving the calciner mix with a stream of frit (the material needed to make glass) in a glass-melting pot, heated by induction. This pot is tapped three times a day, discharging a stream of molten borosilicate glass into the storage drum. Each drum holds a full day's output of 350 kilograms of jet-



Storage hall of the Marcoule plant for solidifying highly radioactive nuclear waste.

summer has just reached La Hague. There, they expect to have the process on-stream by 1983-84 as an integral part of their latest (LP2) reprocessing plant for domestic spent fuel. A second AVM plant will be included in designs for another reprocessing plant to handle overseas reprocessing orders in the late 1980s.

The idea of solidifying intensely radioactive acid residue in a "pot" or "hatch" came to public attention just two

years ago, when opponents of nuclear power charged BNFL with creating an international "nuclear dustbin" at Windscale by undertaking overseas orders. The company—which Harwell had embarked upon in the 1950s, but shelved when it was given a lower priority. Last year it embarked upon a £10m pilot plant project at Windscale. Although details have still to be agreed, it is expected that this plant will be funded about equally by BNFL, the Department of Energy and the Central Electricity Generating Board.

M. Jacques Bellot, director of reprocessing plant dedicated to the much more intensely radioactive spent fuel from commercial fast-breeder reactors. As a start, before the end of this year they plan to vitrify the waste liquids from two tonnes of fuel from the Phoenix prototype fast reactor nearby, to gain experience of treating still higher levels of radioactivity and of a different spectrum of fission products.

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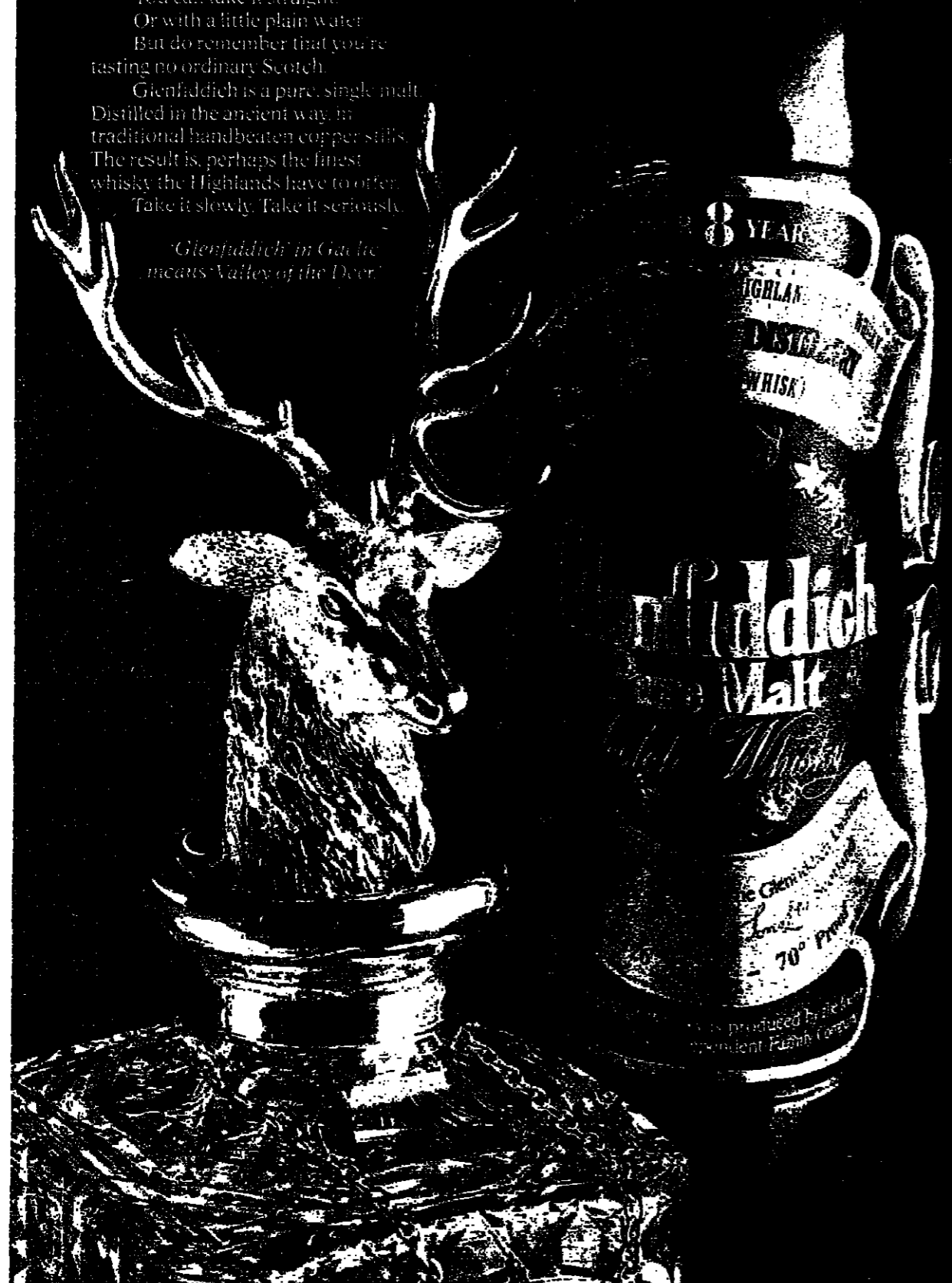
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## UNITED STATES EXPORTS

# The jumbo jets to soya beans syndrome

THE U.S. is trying to claw back lost shares in world export markets as a means of closing its yawning trade gap. The export promotion programme announced in September represents a departure from previous tactics which had concentrated upon reducing imports.

With an enormous home market, Americans have never been subject to the same pressures to export as smaller nations. Exports last year accounted for 6.4 per cent of the American gross national product, more than the 4.1 per cent in 1970, but still small. It has always been easier to sell to Tucson and Toledo than to Tokyo, and always will be. The attitude of President Carter, once a peanut farmer, was typical. Before unveiling his new export programme, Mr. Carter told some businessmen in the White House that he had considered selling peanuts to Venezuela, but in the event found the whole export business—government rules, unknown foreigners who might not speak English, exchange rates—too daunting.

Mr. Carter has an far harped on the import side of the trade account, which in the first eight months of this year had a deficit of \$21bn, compared with some \$28bn in the whole of 1977. He termed the challenge in the US of reducing its energy imports "the moral equivalent of war," even though manufactured goods are now a bigger factor in the import bill than oil.

No such priority was initially given to exports. But the new export programme, involving some \$620m in additional government export credits, guarantees, and promotional efforts overseas, together with a review of U.S. laws that might hamper exporters, is at least a partial attempt to redress this.

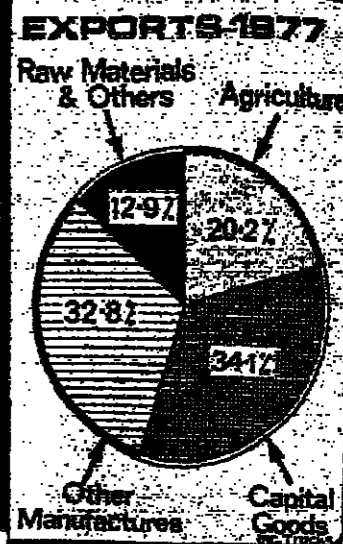
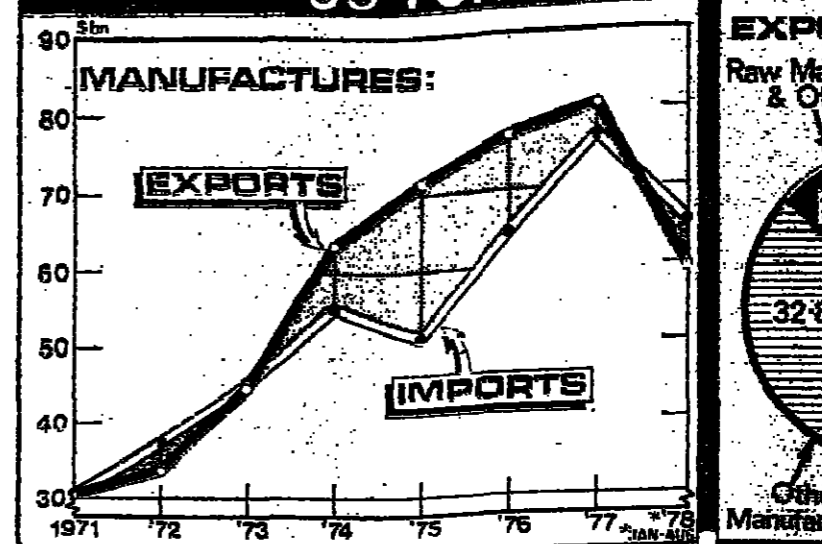
The relatively overvalued dollar of the 1960s meant that only those exports where the U.S. had certain advantages unrelated to price, like wide prairies or high technology, sold well. Of course, foreign demand for the middle range of U.S. manufactured and consumer goods was and will be stimulated by the drop of the dollar. The Commerce Department's rule of thumb is that every 10 per cent improvement in U.S. price competitiveness should bring a 13 per cent rise of export volume.

Some 20-23 per cent of U.S. exports go to the non-oil developing countries. Many of them have not only had to cut imports recently, but also frequently have currencies which are either informally pegged to the U.S. dollar or have depreciated even further than the dollar.

President Carter clearly has good reason to say that "our export problem has been building up for many years and we cannot expect dramatic improvement overnight." The cost of the new export promotion programme has been kept as low as possible. Mr. Carter has made a light curb on public spending one of the main planks of his anti-inflation plans, and Mr. Robert Strauss, the U.S. Trade negotiator, also is adamant that the U.S. should eschew any direct export subsidies of the kind that it complains other countries operate.

Set against this there is the view held by the Commerce Department that the depreciation of the dollar paradoxically creates the need for more, not less, government support for exporters. That is so because the potential for winning markets abroad now exists, but it must be grasped. The department estimates that while some 200,230 big companies account for 83 per cent of U.S. manu-

## US FOREIGN TRADE



factured exports, there are some 20,000-30,000 U.S. companies which could be exporting, but which have chosen not to.

What emerged was an increase of direct incentives—tiny in the total context of U.S. exports, but targeted towards the smallest companies—and a promise to review the many recent U.S. laws and regulations that cramp the style of the bigger companies in the export field.

Some of the incentives announced with some fanfare were in fact already in the pipeline. The Export-Import Bank had already been promised an extra \$500m in the 1979-80 fiscal year to bring its total loan authority up to \$1.1bn. Mr. Carter has directed the bank to match more aggressively the terms offered by the credit agencies of competitor countries. His reference to almost doubling funds for the Commodity Credit Corporation, which provides credit for U.S. farm exports, was to a deed already done, rather than one in prospect.

The incentives that might be properly termed new were the earmarking of \$100m of the Small Business Administration's funds for loan guarantees to small exporting companies, the introduction of a computerised marketing information system for exporters (which it will take three to five years to install), and intensified commercial work by the State Department abroad and by the Commerce Department at home.

The effect of the review of domestic legislation that might inhibit exports may prove nebulous. The Administration now says that in deciding whether to ban exports to countries of whose human rights record or politics it does not approve, it will take into account whether the goods could be bought from other sources. If they can, the case for a ban is weakened. Controls on sales to the Soviet Union seem to have been relaxed recently, but that may have as much to do with the easing of political tensions with Moscow as with the new concern for exports.

American business feels it is losing custom in the Middle East because of the new legislation requiring it to refuse to comply with the Arab boycott of Israel. The Administration has not included this law in its promised review, but has promised to give clearer guidance on the Foreign Corrupt Practices Act, this law against bribery, introduced in the wake of the Lockheed and Northrop scandals, has apparently deterred many U.S. companies from hiring foreign agents, lest they be held responsible legally for their agents' deeds. The Justice Department appears to be dragging its feet.

ing its feet. Officials there say that they are very averse to spelling out in advance "whom U.S. companies can bribe and whom they cannot."

The Administration is keen to point out that U.S. anti-trust laws do not prevent American companies getting together in most cases, in a foreign joint venture or marketing operation. Mr. Carter has also promised to reduce environmental complications. Companies have to file elaborate and lengthy "environmental impact" statements before being allowed to export a surprisingly wide range of goods.

While welcoming these measures, the reaction of American business to the export programme has been less than enthusiastic, because it lacks what business regards as adequate tax incentives to export. Both the U.S. Chamber of Commerce and the National Association of Manufacturers have criticised as inadequate the Administration's tax relief proposals for expatriate American working overseas. They would also like to see some form of tax rebate on exported goods, perhaps in the way in which value added tax works in the European Community.

But the biggest disappointment is Mr. Carter's continued opposition to the tax deferral allowed to domestic international sales corporations. These "Disco" are essentially paper companies set up by U.S. multinationals to avoid their foreign earnings on which U.S. tax cannot be deferred until that income is returned to the U.S. The tax deferral thus increases cash flow and working capital.

### Incentives

Mr. Carter has strongly criticised Disco as costly and inefficient. The Treasury loses about \$1.1bn in tax revenue a year, for only about \$30m in extra exports generated. The Administration claims that the Disco—some 10,000 of which have been set up since the early 1970s—are inefficient in that they only benefit those companies already exporting.

Mr. Carter has said he would look at alternative tax incentives, or indeed, because Congress supports the Disco system consider a "much scaled-down version of the present system. One alternative that was seriously mooted was a tax credit for exporters. It would be a direct benefit to a company exporting to meeting the cost of opening an overseas sales office and the like. But it is responsible legally for their too closely resembled an export agents' subsidy and because it could be too easily abused.

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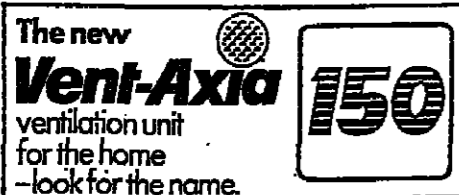
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## ISRAELI DECISION MAY THREATEN PEACE NEGOTIATIONS

## U.S. anger at West Bank move

BY PATRICK COCKBURN

ISRAEL'S DECISION to expand its West Bank settlements has "deeply disturbed" the U.S., Mr. Cyrus Vance, Secretary of State, said yesterday. U.S. officials are angry at the Israeli move which appears to threaten the resumption of peace negotiations.

President Carter had sought at Camp David to get a memorandum on new or expanded Jewish settlements on the West Bank, and Mr. Vance said that American disquiet at the Israeli Cabinet decision had been communicated to Mr. Menachem Begin, the Israeli Prime Minister.

Israel's negotiating team, led by Mr. Moshe Dayan, Foreign Minister, and Mr. Ezer Weizmann, Defence Minister, has returned to Washington but in Cairo, President Anwar Sadat is considering recalling the Egyptian delegation for consultations. Mr. Mustapha Khalil, the Prime Minister, said yesterday.

Talk of such a withdrawal by the Egyptians is viewed with some alarm in Washington. Although Mr. Khalil said any such step would be routine, he added that it was prompted by Israeli statements and Mr. Sadat's wish to be

briefed on the talks.

Fears of growing Arab hostility to the Camp David accords are likely to be increased by yesterday's decision by Israel and Syria to end a decade of hostility by signing a "charter for joint national action." The agreement came after three days of talks between Mr. Hafez al-Assad, the Syrian President and Mr. Ahmed Hassan al-Bakr, President of Iraq.

that their opposition to Israel was not sufficiently radical. Yesterday's agreement comes as a direct reaction to the Camp David accords.

A committee composed of leaders from both sides will oversee co-operation between Syria and Iraq while subordinate specialised committees will look after political, military, economic, educational and cultural co-operation. Iraq had previously offered to send part of its armed forces to the Golan Heights front with Israel, and to contribute \$1bn to a proposed \$9bn fund to help frustrate the Egyptian-

Israeli agreements.

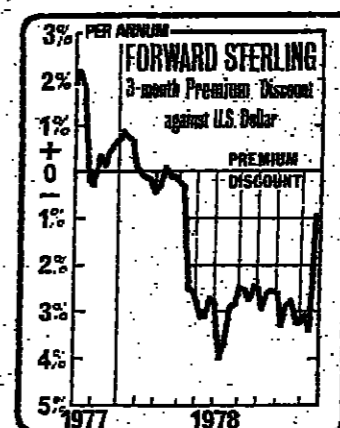
The Iraqi-Syrian entente will appreciably strengthen the forces opposing Camp David. Combined with Israel's announcement of expanded settlements on the West Bank, it will make it even more difficult for King Hussein of Jordan to become involved in negotiations on the West Bank. The meeting of all Arab states, except Egypt, in Baghdad on November 2, is also likely to take a more critical stance against Camp David.

More Middle East news, Page 4

## THE LEX COLUMN

## Gold Fields' U.S. financing coup

Index fell 5.3 to 484.4



The U.S. commercial paper market—which is dominated by the giants of U.S. industry—would not be the most obvious place to look for Consolidated Gold Fields' name. However, yesterday marked the first roll-over date for its first ever tranche of U.S. commercial paper and by all accounts it passed off well. The 30-day paper was rolled over at 8.90 per cent on a par with the rate secured by domestic Triple A borrowers such as Texas Utilities and Consolidated Edison.

At the moment the U.S. subsidiary, Gold Fields American Corporation, has only issued \$10m worth of paper but this could build up to \$30m by the year end and dealers reckon that the market could digest up to \$100m of outstanding paper. For Gold Fields the attractions of the U.S. commercial paper are obvious. With prime rates at 10 1/4 per cent it can raise short term finance in the form of commercial paper—a kind of corporate L.O.U.—at just under 9 per cent and on occasions the spread between commercial paper rates and competing bank finance can be as much as two percentage points.

Gold Fields seems to have made a significant breakthrough on a number of counts and its example is likely to be copied. First of all it is nowhere near as big, or as well known, as the likes of ICI and BP, and it has the added disadvantage of strong South African connections. However, it appears to be able to raise finance on a par with domestic companies and is not paying the premium of around a quarter of a point which other foreign companies have faced. In addition it has managed to avoid giving additional quarterly information and more important it has not formally guaranteed its paper. Instead it has opted (with Bank of England permission) for a

As well as the problem of a declining dollar, Gold Fields is also having to cope with rising costs overseas, which have helped to push the rise in working income net of expenses to 14 per cent. Cash resources have been reduced by the investment in the new headquarters—the move takes place in the current half year—and lower interest rates have not helped either. Some of these adverse factors are being offset by a good performance from the underlying agency interests. But the spectacular growth of recent years is over for the time being with something like \$16.5m per year on the cards for the year compared with \$15.2m last time. The prospective p/e is about 11 and it does not look as though the new dividend cover rules are going to do much for the yield on the current profits outlook.

## Sterling rates

The strength of sterling against the dollar on the forward market over the last few days, combined with the continuing high money rates in London, must leave sterling in a positive and bill rates looking attractive from across the Atlantic.

The annualised cost of three month cover in sterling for a dollar holder has slipped from 3 per cent to 1 per cent; below the differential on the surly Bills in favour of London. But although there were some yesterday evening that money was "coming in" to take advantage of this position, there has been no evidence of very large inflows of currency in recent weeks.

Meanwhile the gilt-edged market remains thin and quiet, and there was fairly widespread selling in equities yesterday, which pushed the FT industrial index down by as much as 8.5 points at one stage in the afternoon.

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## Agreement could hit Beecham's U.S. profits

BY SUE CAMERON

FUTURE PROFITS on U.S. drug sales by the Beecham group could be hit by a provisional agreement with the U.S. Government on the pricing and marketing of semi-synthetic penicillins—the most important of the company's drugs.

The company was being sued under U.S. anti-trust laws by the Government, local authorities, and purchasers of the drugs. The proposed \$3.07m (£1.48m) settlement, which was filed with the American Justice Department this week, will, it is believed, force Beecham to cut the price of its semi-synthetic penicillins and will also specifically prevent it making agreements that would stop other companies selling any prescription drug.

The main impact of a settlement on these lines is expected to be on sales of amoxycillin—Beecham's biggest selling drug. The company refused yesterday to discuss the terms and conditions of the proposed settlement, beyond saying the it still did not admit any of the allegations.

It claimed that the future growth of its U.S. pharmaceutical business would not be held back and added that "the

proposed settlement is not connected with U.S. litigation on amoxycillin—the most important of Beecham's semi-synthetic penicillins—where Beecham is suing for infringement of its patents.

However, Beecham cut the U.S. price of amoxycillin by 34 per cent last month—presumably in response to the forthcoming agreement on increased competition in the field.

It is thought the provisional agreement will weaken the company's legal case against Bristol-Myers and other U.S. pharmaceutical concerns over marketing rights for amoxycillin.

Beecham developed semi-synthetic penicillins—chemically modified penicillins which are used as antibiotics—nearly 20 years ago.

The first to be discovered was ampicillin and Beecham drew up a licensing agreement with Bristol-Myers in 1959 for its production. Other semi-synthetic penicillins followed, the latest being amoxycillin which was not put on the market until 1972.

Bristol-Myers has adopted a policy of contesting Beecham's patents and rights under the 1959 agreement and in the U.S. six

other companies have also started marketing amoxycillin.

In 1970—before amoxycillin was marketed—Beecham was sued under the U.S. anti-trust laws for overcharging for ampicillin and other semi-synthetic penicillins products and for monopolising the sale of them.

The U.S. Government, 75,000 American wholesalers and retailers and various U.S. cities, states and counties took action against the company and the provisional agreement that has now been drawn up is designed to settle their claims.

Beecham has already agreed to pay the 75,000 purchasers a total of \$1.93m. Under the new proposed settlement it will pay the U.S. Government \$1m and the states, counties and cities \$2.07m.

The payments and the accompanying terms and conditions will have to be finally approved by a U.S. court and third parties have the right to object to them—although it is not expected that there will be any objections. The agreement should become final within the next few months.

Beecham shares closed last night at 660p, down 13p.

## Motorola seeks to supply computerised car engine controls

BY MAX WILKINSON

MOTOROLA, the U.S. semiconductor and electronics company, is at an advanced stage of negotiations with several major European car makers for the supply of computerised engine controls.

The only firm deal to be signed so far is with Citroen, which has ordered electronic ignition systems from Motorola. These are simpler than the fully computerised engine control system which Motorola is developing.

Discussions on the supply of full electronic engine control are believed to be well advanced with Renault of France. Talks are also proceeding with Fiat, Peugeot and BL.

Although at present all these systems are manufactured in the U.S., Motorola expects eventually to make engine control systems for European automobiles as well, at which time Motorola engine controls will doubtless be produced at East Kilbride.

Motorola is probably the leading U.S. semiconductor company in the development of electronic engine controls. It has won

major development contracts from both Ford and General Motors for systems expected to be introduced in their 1980 model year.

The main advantage of electronic engine controls are expected to be: improved fuel economy, reduced exhaust pollution and greater reliability. The system is used to control the ignition, timing and carburation through a microprocessor or "computer on a chip."

Mr. Martin Cooper, Motorola's vice-president in charge of research, said in London recently that electronic control systems were moving from development into the production phase.

"Within a few years all cars produced in the U.S. will use this new technology and, of course, we expect to see it in European automobiles as well, at which time Motorola engine controls will doubtless be produced at East Kilbride," he said.

Accelerating towards a computerised future, Page 18

## Cabinet defers talks on monetary scheme

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CABINET yesterday did not become a full participating member of the scheme immediately, while stating its intention to join when domestic inflation prospects permit.

The Cabinet yesterday also completed its main decisions on its medium-term public spending plans so that the White Paper can now come out at about the turn of the year. In particular, a sizeable contingency reserve has been retained within the limit of 2 per cent on the annual growth of spending, to allow for extra items during the year. The reserve is believed to be at least as large in 1979-80 as the £750m total in the current financial year.

The Government would then have some flexibility on fiscal policy in the next spring Budget, and answer Treasury fears that the reserve might be so small as to remove manoeuvrability.

This may have been made possible because the Cabinet deferred a decision on the introduction of maintenance grants for 16 to 18 year olds in full-time education next September, as the issue may come up again next week. A Cabinet committee has already asked for a report later on the implications of the UK than £100m.

After recent meetings of Finance Ministers and last week's Anglo-German summit in Bonn, senior ministers apparently believe it is increasingly unlikely that the proposals will be acceptable to the British.

The Cabinet will probably not take a formal decision until just before the EEC head of government summit early in December. The main effort now is in trying to ensure that the UK is not isolated from the other member countries. UK officials are seeking to find common ground with other non-members of the European joint float, the snake.

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## Tory bid to restore unity on pay policy

BY CHRISTIAN TYLER, LABOUR EDITOR

A BID to restore Conservative Party unity on economic policy and collective bargaining was made by Mr. James Prior, shadow Employment Secretary, last night.

In a speech, vetted by Mrs. Margaret Thatcher, leader of the Opposition, Mr. Prior strongly suggested that the views of Mr. Edward Heath, the former leader, were compatible with official party policy.

He mentioned no names, but also suggested that the hard line taken by Sir Keith Joseph, chief policy adviser, which was vociferously endorsed by the Party conference did not mean that Conservatives had given up the idea of setting a national target—but not a fixed limit—for wages.

Mr. Prior, who has been identified with the pro-incomes policy faction, did not repeat his or Mr. Heath's statements that the Government's 5 per cent figure was the right one. But he said the Conservatives would not under mine Mr. Callaghan's pay policy.

Speaking at the Institute of Personnel Management conference in Harrogate, Mr. Prior said the "concerted action" forum for educating the country in what it could afford in wages was still the basis of Conservative policy.

In apparent reference to Mr. Heath's recent speeches, Mr. Prior said: "Nothing but good can come out of the full discussion

sion of the past few weeks on our attitude to the Government's incomes policy and what a Conservative government will do."

Realistic and responsible bargaining would be encouraged by tax cuts, economies in the public sector to finance them, and targets for monetary growth aimed at falling inflation. "Our objective is a steady fall in the inflation rate, being careful to proceed with our policies at a speed which would not cause hardship, or damage to the economy."

But he added: "We accept that on their own, these policies may not be enough to bring reason to pay bargaining. Therefore a full explanation must be part and parcel of our approach."

"The Government's role must be to seek to reconcile the conflict which lies at the centre of our present system. This is the difference between what may be perfectly rational behaviour for a single negotiating group and what would be rational behaviour for all negotiators if they all negotiated at the same time."

He emphasised the dangers of a high rate being set by one or two groups whose own settlements would not have more than a minimal effect on the rate of inflation.

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## Continued from Page 1 Healey

and Sir John Melhuish, the CBI delegation was given a progress report on the talks with the TUC—which, it is now clear, cannot produce agreement before the Queen's Speech on Wednesday.

They reminded the Chancellor and the three other economics Ministers that return on capital had sunk to 3 per cent, excluding North Sea oil, and warned that a further squeeze would lead to lower recruitment and higher unemployment. And they cast serious doubt on the ability of the TUC to deliver moderate pay settlements if the pay norm was lifted.

The CBI believes that 5 per cent is the right figure for wages but is urging that it be used flexibly and not imposed as a limit on all negotiations.

The other stand in the CBI's case was that any further concession for the low-paid—who are exempt from Pliad—would provide their pay rise does not take them beyond £44.50 for a 40-hour week—would be dangerously inflationary.

Special increases for the low-paid in any business would force up the wages of the better-off, the CBI said.

The Government was urged to drop its sanctions, which the CBI representatives said were doubly demoralising to the management of companies like Ford Motor who were already hit by strikes against the 5 per cent limit.

Another meeting has been arranged for next Thursday.

Support for a strong TUC lead on wage bargaining as part of a deal with the Government came yesterday from Mr. Terry Duffy, on his first day as president of the Amalgamated Union of Engineering Workers in succession to Mr. Hugh Scanlon.

Mr. Duffy, who is one of the six TUC negotiators, called for national job evaluation, adding: "In some areas there is no need for increases; in others there should be rises well in excess of 5 per cent."

Giving a clue to the TUC Government talks, Mr. Moss Evans, general secretary of the Transport Workers, said yesterday that the Government's weak Parliamentary position made it unlikely that tougher powers for the Price Commission could be introduced before the next election.

Speaking at a delegate conference of his union in Scotland, Mr. Evans, who is one of the TUC negotiating team, said there would be no discussions about continuation of any pay policy. But he also said there was a strong possibility that the Government would be "sympathetic" to the needs of the low paid in the non-trading parts of the public sector like local authorities and the health service.

This suggests that vigorous efforts are being made to head off a pay revolt by manual workers in those sectors whose pay negotiations will be the big test of the Government's policy.

## Weather

**UK TODAY**  
MOSTLY dry and sunny.  
London, SE, E Anglia  
Cloudy, becoming brighter.  
Max. 16C (61F).  
Cent., S, E, N, NE England,  
Midlands, Borders, Edinburgh,  
Dundee, Aberdeen, Moray Firth  
Fog patches, sunny intervals  
developing. Max. 17C (63F).

Channel Is., SW, NW England,  
Wales  
Cloudy. Max. 16C (61F).  
Lakes, Is. of Man, SW Scotland,  
Glasgow, Cent. Highlands  
Sunny intervals, rain later.  
Max. 15C (59F).  
NE, NW Scotland, Argyll,  
Orkney, Shetland, N Ireland  
Cloudy, occasional rain. Max.  
12C (64F).  
Outlook: Dry in the South,  
some rain elsewhere.

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## HOLIDAY RESORTS

	Y'day	Y'day
	mid-day	mid-day
Amsterdam	12	14
Athens	12	14
Bahrein	12	14
Barcelona	12	14
Berlin	12	14
Bombay	12	14
Buenos Aires	12	14
Calcutta	12	14
Cairo	12	14
Cardiff	12	14
Chicago	12	14
Cologne	12	14
Copenhagen	12	14
Dublin	12	14
Edinburgh	12	14
Frankfurt	12	14
Glasgow	12	14
Helsinki	12	14
Hong Kong	12	14

	Y'day	Y'day
	mid-day	mid-day
Ajaccio	12	14
Algeria	12	14
Bahrein	12	14
Bombay	12	14
Buenos Aires	12	14
Calcutta	12	14
Cairo	12	14
Cardiff	12	14
Chicago	12	14
Cologne	12	14
Copenhagen	12	14
Dublin	12	14
Edinburgh	12	14
Frankfurt	12	14
Glasgow	12	14
Helsinki	12	14
Hong Kong	12	14

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